IMPORTANT DISCLAIMER

The offering memorandum contained herein is not being provided in connection with any offer of securities and shall not constitute an offer to sell or the solicitation of an offer to buy any securities. The information in the offering memorandum contained herein is only accurate as of June 14, 2021, the date set forth on the cover of the offering memorandum. You should not assume that the information contained in the offering memorandum is accurate as of any other date. SierraCol Energy Limited (the "Company") undertakes no obligation, and does not intend, to update or revise any information contained in the offering memorandum contained herein, whether as a result of new information, future events or otherwise.

The offering memorandum contained herein should not be considered as, and the Company is not providing you with any, legal, business, tax or other advice.

The offering memorandum contained herein is confidential and for your information only and is not intended to be distributed to or reviewed by anyone other than you. In addition to the foregoing, by agreeing to receive the offering memorandum contained herein, you will be deemed to acknowledge that none of the Company or its subsidiaries has made any representation to you with respect to the Company or its subsidiaries or the securities described herein.

SierraCol Energy Andina, LLC

US$600,000,000 6.000% Senior Notes due 2028

SierraCol Energy Andina, LLC, a Delaware limited liability company (the "Issuer"), is offering US$600,000,000 aggregate principal amount of its 6.000% senior notes due 2028 (the "Notes"). The Issuer is controlled by affiliates of a fund advised by The Carlyle Group Inc. The Issuer intends for the proceeds from this offering, together with cash on hand, to be used to fund the refinancing of the RBL Facility (as defined herein), to pay the Special Dividend (as defined herein) and to pay related transaction fees and expenses, with the remainder to be used for general corporate purposes.

Interest on the Notes will accrue at the rate of 6.000% *per annum* and the Issuer will pay interest on the Notes semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2021. The Notes will mature on June 15, 2028.

The Issuer may redeem some or all of the Notes at any time on or after June 15, 2024 at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but not including, the redemption date. At any time prior to June 15, 2024, the Issuer may also redeem up to 40% of the aggregate principal amount of the Notes using the proceeds of certain equity offerings at the redemption price set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but not including, the redemption date. In addition, at any time prior to June 15, 2024, the Issuer may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a "make-whole" premium. If the Issuer undergoes a change of control, subject to certain exceptions, the Issuer will be required to offer to purchase the Notes from holders at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. If the Issuer sells assets under certain circumstances, the Issuer may be required to offer to repurchase the Notes at a price equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of repurchase. In connection with any offer to purchase all or any of the Notes, if holders of no less than 90% of the aggregate principal amount of Notes validly tender their Notes, the Issuer is entitled to redeem any remaining Notes at the price offered to each holder. In the event of certain developments affecting taxation, the Issuer may redeem all, but not less than all, of the Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

The Notes will be guaranteed on a senior unsecured basis by SierraCol Energy Limited, a private limited company incorporated under the laws of England and Wales and the direct parent of the Issuer ("Holdings"), and each of Holdings' existing and future subsidiaries, other than the Issuer, that is a borrower under or that guarantees obligations under the New Revolving Credit Facility (as defined herein) or certain other indebtedness, subject to certain exceptions (together with Holdings, the "Guarantors"). To the extent lenders under the New Revolving Credit Facility release any Guarantor (other than Holdings) from its obligations, subject to certain exceptions, such Guarantor will also be released from its obligations under the Notes. The Notes and the related guarantees will be general, senior unsecured obligations of the Issuer and the Guarantors, and will rank contractually senior in right of payment to all of the Issuer's and the Guarantors' subordinated indebtedness and equally in right of payment with all of the Issuer's and the Guarantors' senior indebtedness, including the New Revolving Credit Facility, without giving effect to collateral arrangements. The Notes and the related guarantees will be effectively subordinated to any of the Issuer's and the Guarantors' secured indebtedness, including the New Revolving Credit Facility, to the extent of the value of the assets securing such indebtedness, and will be structurally subordinated to the liabilities (including trade payables) of Holdings' subsidiaries that are not Guarantors, or the Issuer.

There is currently no public market for the Notes. Application will be made to The International Stock Exchange Authority Limited (the "Authority") for the listing of and permission to deal in the Notes on the Official List of The International Stock Exchange (the "Exchange"). There can be no assurance, however, that such application will be accepted, that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

Investing in the Notes involves a high degree of risk. See "*RISK FACTORS*" beginning on page 27.

Price: 99.300%, plus accrued interest, if any, from June 22, 2021.

The Issuer expects that the Notes will be delivered in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, S.A. and Euroclear Bank SA/NV, as operator of the Euroclear System, on or about June 22, 2021, which is the sixth business day following the date of confirmation of orders with respect to the Notes (such settlement cycle being referred to as "T+ 6"). You should be advised that trading of the Notes may be affected by the T+ 6 settlement. See "*Plan of Distribution*."

The Notes and the guarantees thereof have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction. The Issuer is not required to and does not intend to register the Notes for resale under the U.S. Securities Act. The Notes may be offered only in transactions that are exempt from registration under the U.S. Securities Act and applicable state securities laws. The Issuer and the initial purchasers named below are offering the Notes only to persons reasonably believed to be "qualified institutional buyers" under Rule 144A and to non-U.S. persons outside the United States in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "*Transfer Restrictions*."

Global Coordinator and Bookrunner

J.P. Morgan

Bookrunners

Deutsche Bank Securities **Itaú BBA**

The date of this offering memorandum is June 14, 2021.

In making your investment decision, you should rely only on the information contained in this offering memorandum. Neither the Issuer nor the initial purchasers have authorized anyone to provide you with any other information or represent anything about us or this offering that is not contained in this offering memorandum. If you receive any such other information or representation, it should not be relied upon as having been authorized by the Issuer or the initial purchasers. We take no responsibility for, and can provide no assurance as to the accuracy of, any other information that others may give you. The Issuer and the initial purchasers are not making an offer to sell, or soliciting an offer to buy, any of these Notes in any jurisdiction where, or to any person to whom, an offer, solicitation or sale is not permitted.

You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front cover of this offering memorandum. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the front cover of this offering memorandum.

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NOTICE TO INVESTORS

We are making this offering in reliance on an exemption from registration under the U.S. Securities Act for offers and sales of securities that do not involve a public offering. The Notes may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. Laws in certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the Notes. Persons into whose possession this offering memorandum or any of the Notes are delivered must inform themselves about, and observe, those restrictions. You must comply with all applicable laws and regulations in force in any applicable jurisdiction, and you must obtain any consent, approval or permission required for the purchase, offer or sale by you of the Notes under the laws and regulations in force in the jurisdiction to which you are subject or in which you make such purchase, offer or sale, and neither we nor the initial purchasers will have any responsibility therefor.

By purchasing the Notes, you will be deemed to have made acknowledgments, representations, warranties and agreements as set forth under "*Transfer Restrictions*" in this offering memorandum. We and the initial purchasers are not making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. You should understand that you will be required to bear the financial risks of your investment for an indefinite period of time.

This offering memorandum summarizes documents and other information in a manner we believe to be accurate, but we refer you to the actual documents for a more complete understanding of the information we discuss in this offering memorandum. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering and the Notes, including the merits and risks involved.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information set forth in this offering memorandum, and nothing contained in this offering memorandum is, nor should you rely upon it as, a promise or representation, whether as to the past or the future.

This offering memorandum is being provided on a confidential basis (1) to persons reasonably believed to be "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act for informational use solely in connection with their consideration of the purchase of the Notes and (2) in offshore transactions complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act. Its use for any other purpose is not authorized. This offering memorandum may not be copied or reproduced in whole or in part, and it may only be distributed and disclosed to the prospective investors to whom it is provided by us or by the initial purchasers.

By accepting delivery of this offering memorandum, you acknowledge that (1) you have been afforded an opportunity to request and to review all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum, (2) you have not relied on the initial purchasers or any person affiliated with the initial purchasers in connection with the investigation of the accuracy of such information or your investment decision, (3) this offering memorandum relates to an offering that is exempt from registration under the U.S. Securities Act, and (4) no person has been authorized to give information or to make any representations concerning us, this offering or the Notes described in this offering memorandum, other than as contained in this offering memorandum.

We and the initial purchasers make no representation to you that the Notes are a legal investment for you. You should not consider any information included in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the Notes. Neither the delivery of this offering memorandum nor any sale made pursuant to this offering memorandum implies that any information set forth in this offering memorandum is correct as of any date after the date of this offering memorandum.

You should contact the initial purchasers with any questions about this offering or if you require additional information to verify the information contained in this offering memorandum.

We reserve the right to withdraw this offering of the Notes at any time. We and the initial purchasers also reserve the right to reject any offer to purchase the Notes in whole or in part for any reason and to allot to any prospective investor less than the full amount of Notes sought by such investor. We are making this offering subject

to the terms described in this offering memorandum and the indenture (the “Indenture”) to be entered into by the Issuer, the Guarantors and Deutsche Bank Trust Company Americas, as trustee.

The Notes will be available in book-entry form only. We expect that the Notes sold pursuant to this offering memorandum will be issued in the form of one or more global certificates, all of which will be deposited with, or on behalf of, The Depository Trust Company (“DTC”) for the accounts of its participants, including Clearstream Banking, S.A. (“Clearstream”) and Euroclear Bank SA/NV, as operator of the Euroclear System (“Euroclear”), and registered in its name or in the name of Cede & Co., its nominee. Beneficial interests in the global certificates will be shown on, and transfers of the global certificates will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global certificates). After the initial issuance of the global certificates, Notes in certificated form will be issued in exchange for the global certificates only as set forth in the Indenture. See “*Book-Entry, Delivery and Form*.”

In connection with this offering, the initial purchasers may, but are not required to, effect transactions that stabilize or maintain the market price of the Notes at a higher level than the Notes might otherwise achieve in the open market. Such stabilizing, if commenced, may be discontinued at any time. For a description of these activities, see the section entitled “*Plan of Distribution*” in this offering memorandum.

This offering memorandum is strictly confidential and has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or the public generally to subscribe for or otherwise acquire the Notes. Distribution of this offering memorandum to any person other than the offeree and those persons, if any, retained to advise such offeree with respect to this offering memorandum is unauthorized and any disclosure of any of its contents without our prior written consent is prohibited. By accepting delivery of this offering memorandum, you agree to the foregoing and not to make any photocopies, in whole or in part, of this offering memorandum or any documents delivered in connection with this offering memorandum.

This offering memorandum, as well as any other documents related to this offering, will not be reviewed or approved by the U.S. Securities and Exchange Commission (the “SEC”). The Notes described in this offering memorandum have not been registered with, recommended by or approved by the SEC or any other federal, state or foreign securities commission or regulatory authority, nor has the SEC or any such federal, state or foreign securities commission or regulatory authority passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense. There are no registration rights associated with the Notes, and we have no intention to offer notes registered under the U.S. Securities Act in exchange for the Notes offered in this offering or to file a registration statement with respect to the Notes. The Indenture will not be qualified under the Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”).

We intend to list and have the Notes admitted for trading on the Official List of the Exchange, and intend to submit this offering memorandum to the competent authority in connection with the listing application. In the course of any review by the competent authority, we may be requested to make changes to the financial and other information included in this offering memorandum. We may also be required to update the information in this offering memorandum to reflect changes in our business, prospects, financial condition or results of operations. We cannot guarantee that the application we will make to the Authority for the Notes to be listed and admitted to trading on the Official List of the Exchange will be approved as of the Closing Date (as defined herein) for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this admission to trading.

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES LLC (THE “STABILIZING MANAGER”) (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL OTHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, NO ASSURANCE CAN BE GIVEN THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY

STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "*PLAN OF DISTRIBUTION*."

Notice to Investors in the European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

PRIIPs Regulation / Prohibition of Sales to EEA Retail Investors

The Notes which are the subject of the offering contemplated by this prospectus supplement are not offered, sold or otherwise made available to and will not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

Notice to Investors in the United Kingdom

Each initial purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

The Notes which are the subject of the offering contemplated by this offering memorandum are not offered, sold or otherwise made available to and will not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

Notice to Investors in Colombia

The Notes have not been and will not be registered in the Colombian National Registry of Securities and Issuers (Registro *Nacional de Valores y Emisores*) maintained by the Colombian Superintendence of Finance and may not be offered or sold publicly or otherwise be subject to brokerage activities in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations and in compliance with Part 4 of Decree 2555 of 2010.

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

DEFINITIONS

Unless the context otherwise requires (and except as otherwise defined in "*Description of the Notes*" for purposes of that section only), references in this offering memorandum to:

- "1P reserves" or "proved reserves" have the meanings given to them in "Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information";
- "2C resources" or "contingent resources" have the meanings given to them in "Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information";
- "2P reserves" or "proved plus probable reserves" have the meanings given to them in "Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information";
- "Acquisition" refers to acquisition of SierraCol by Carlyle from Oxy, which was consummated on December 18, 2020;
- "ANH" refers to the Colombian National Hydrocarbons Agency.
- "Authority" refers to The International Stock Exchange Authority Limited;
- "bbl" refers to barrel of oil;
- "Beicip" refers to Beicip Franlab;
- "Beicip Report" has the meaning given to it in "Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information";
- "boe" refers to barrel of oil equivalent;
- "Caño Limón area" refers to the following four licenses: Cravo Norte, Chipirón, Cosecha and Rondón;
- "Closing Date" refers to the closing date of the offering of Notes hereby;
- "COG" refers to COG Energy Ltd., a Cayman Islands limited company;
- "COG Acquisition" refers to SierraCol's acquisition of COG and its subsidiaries, which was consummated on May 4, 2021;
- "Colombian Branches" refers, collectively, to the Colombian branch offices of each of the Issuer, SierraCol Arauca and SierraCol Condor;
- "Colombian peso," "peso" and "Col$" refer to the currency of Colombia;
- "Combined Financial Statements" has the meaning given to it in "Presentation of Financial Information—Historical Financial Statements of the Company";
- "D&M" refers to DeGolyer and MacNaughton;
- "D&M Report" has the meaning given to it in "Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information";
- "E&P" refers to exploration and production;
- "ESG" refers to environmental, social and corporate governance;

- “Exchange” refers to The International Stock Exchange;
- “Guarantors” refers to Holdings and Holdings’ existing and future subsidiaries, other than the Issuer, that is a borrower under or that guarantees obligations under the New Revolving Credit Facility or certain other indebtedness, subject to certain exceptions;
- “Holdings” refers to SierraCol Energy Limited, a private limited company incorporated under the laws of England and Wales and the direct parent of the Issuer;
- “IFRS” refers to International Financial Reporting Standards;
- “IFRS Colombia” refers to IFRS as adopted by Colombia;
- “IFRS IASB” refers to IFRS as adopted by the International Accounting Standard Board;
- “Indenture” refers to the indenture that will govern the Notes offered hereby and the related guarantees;
- “initial purchasers” refers to the firms listed on the cover page of this offering memorandum, in their respective capacities as initial purchasers of the Notes;
- “Issuer” refers to SierraCol Energy Andina, LLC, a Delaware limited liability company;
- “kboepd” refers to one thousand barrels of oil equivalent per day;
- “kbopd” refers to one thousand barrels of oil per day;
- “km^2” refers to one square kilometer, which equals approximately 247.1 acres;
- “licenses” refers to the association, exploration and production contracts that we enter into in connection with our exploration and exploitation activities;
- “McDaniel” refers to McDaniel & Associates Consultants;
- “McDaniel Report” has the meaning given to it in “Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information”;
- “mmbbl” refers to one million barrels of oil;
- “mmboe” refers to one million barrels of oil equivalent;
- “MME” refers to the Ministry of Mines and Energy (Ministerio de Minas y Energía);
- “New Credit Agreement” refers to the credit agreement that will govern our New Revolving Credit Facility;
- “New Revolving Credit Facility” refers to a senior secured revolving credit facility with commitments of US$80.0 million (see “Description of Our New Revolving Credit Facility” for a further description of this facility);
- “Notes” refers to the notes offered hereby;
- “Oxy” refers to Occidental Petroleum Corporation;
- “Parent” refers to Flamingo Midco Limited, a private limited company incorporated under the laws of England and Wales and the direct parent of Holdings;

- “PRMS” has the meaning given to it in “Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information”;

- “RBL Facility” refers to our reserve based lending facility, which will be repaid and terminated in connection with the Transactions;

- “Reserve Engineers” refers, collectively, to D&M, RPS, Beicip and McDaniel;

- “Reserve Reports” refers, collectively, to the D&M Report, the RPS Report, the Beicip Report and the McDaniel Report;

- “RPS” refers to RPS Energy Consultants Ltd.;

- “RPS Report” has the meaning given to it in “Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information”;

- “SEC” refers to the U.S. Securities and Exchange Commission;

- “SierraCol Arauca” refers to SierraCol Energy Arauca, LLC, a Delaware limited liability company;

- “SierraCol Condor” refers to SierraCol Energy Condor, LLC, a Delaware limited liability company;

- “SPE” refers to the Society of Petroleum Engineers;

- “Special Dividend” has the meaning given to it in “Summary—The Transactions”;

- “Sponsor” or “Carlyle” refer to The Carlyle Group Inc. and its affiliates (other than any portfolio companies thereof);

- “Swissco” refers to FLAMINGO SWISSCO AG, an *Aktiengesellschaft* formed under the laws of Switzerland and a wholly owned, direct subsidiary of Holdings;

- “Transactions” refers to the transactions described under “Summary—The Transactions”;

- “Trustee” refers to Deutsche Bank Trust Company Americas in its capacity as trustee under the Indenture;

- “U.K.” refers to the United Kingdom;

- “U.S.” and “United States” refer to the United States of America;

- “U.S. dollar,” “dollar” and “US$” refer to the currency of the United States; and

- “we,” “us,” “our,” “its,” “our business,” the “Company,” “SierraCol” and similar terms refer to Holdings and its consolidated subsidiaries prior to or following the COG Acquisition, as the context requires. For the avoidance of doubt, when such terms are used in connection with any historical financial information, references shall be to the Combined Financial Statements unless otherwise noted. See “*Presentation of Financial and Other Information—Historical Financial Statements of the Company*.”

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

All references to years, unless otherwise noted, refer to our fiscal years, which end on December 31.

Certain monetary amounts, percentages and other figures included in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them. Percentages and amounts reflecting changes over time periods relating to financial and other data set forth in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are calculated using the numerical data in our financial statements or the tabular presentation of other data (subject to rounding) contained in this offering memorandum, as applicable, and not using the numerical data in the narrative description thereof.

References to "gross" and "net" reserves or production relate to our share of volumes before and after royalties, respectively. Production, reserves and revenue numbers shown throughout this offering memorandum are net of royalties unless otherwise noted. Production numbers in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" are net sales entitlement volumes.

Historical Financial Statements of the Company

Unless otherwise indicated, the historical financial information presented in this offering memorandum represent the combined financial results of the Colombian branch offices of each of the Issuer, SierraCol Arauca and SierraCol Condor (the combined financial statements of each of the Colombian Branches, the "Combined Financial Statements").

The Issuer is wholly owned by Holdings and has an operating branch in Colombia. SierraCol Arauca is a company that is 75% owned by SierraCol Energy Holder Ltd. ("SierraCol Holder") and 25% owned by Repsol International Finance B.V. ("Repsol"), with an operating branch in Colombia. SierraCol Condor is a company that is wholly owned by SierraCol Holder with an operating branch in Colombia. As a result of Repsol's minority interest, SierraCol Arauca will not be a guarantor of the notes offered hereby. Furthermore, as a result of Repsol's minority interest, any dividend or other distribution from SierraCol Arauca will be shared, pro rata, with Repsol. For the years ended December 31, 2020 and 2019, total distributions from SierraCol Arauca amounted to US$133 million and US$100 million, respectively. SierraCol Holder is a holding company with no business operations other than certain cash, intercompany receivables, guarantees of certain obligations of other group entities, certain transaction costs, and miscellaneous administrative costs and is wholly owned by Holdings. 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. For the three months ended March 31, 2021, Swissco had US$3.1 million of expenses and did not generate any revenues. For the three months ended March 31, 2021, Holdings had US$1.8 million of expenses and did not generate any revenues. Additionally, Holdings reimbursed Carlyle for certain advisor fees and other reimbursement costs of approximately US$25 million in connection with the Acquisition in 2020.

Throughout this offering memorandum, we present certain financial information that includes the financial results of SierraCol Arauca. As described above, SierraCol Holder owns 75% of SierraCol Arauca, with Repsol holding the remaining 25% interest. Unless otherwise indicated, such financial information reflects the full results of SierraCol Arauca, without elimination of Repsol's 25% interest.

Summary of Certain Differences Between IFRS Colombia and IFRS IASB

Unless otherwise indicated, the financial information contained in this offering memorandum has been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by Colombia ("IFRS Colombia"). IFRS Colombia differs in certain respects from IFRS as adopted by the International Accounting

Standards Board ("IFRS IASB"). We do not believe any differences between IFRS Colombia and IFRS IASB would have a material impact on our financial results.

In making an investment decision, you must rely on your own examination of the terms of this offering and the financial information contained in this offering memorandum. You should also consult your own professional advisers for an understanding of the differences between IFRS Colombia and IFRS IASB and how those differences could affect the financial information contained in this offering memorandum. See "*Risk Factors—Risks Relating to Our Business—We have not prepared consolidated financial statements in accordance with U.S. GAAP or IFRS IASB.*"

Financial Information of COG

The historical financial information of COG set forth in this offering memorandum has been derived from the audited and unaudited consolidated financial statements of COG not included in this offering memorandum. Such financial information was prepared under IFRS IASB. COG have used U.S. dollars as its functional currency. As a result, all non-monetary assets and liabilities, which were incurred and expensed in Colombian pesos, were recorded at historical exchange rates. Monetary assets and liabilities were recorded and converted at the spot exchange rate as of the date of the corresponding balance sheet date and income statement items were recorded at the exchange rate at the transaction date.

Further, we have presented in this offering memorandum the estimated Adjusted EBITDAX contribution of COG as a component of our Pro Forma Adjusted EBITDAX because our management believes that such measure provides a meaningful basis to evaluate the operating performance of our combined business after giving effect to the consummation of the COG Acquisition. However, this estimate of the Adjusted EBITDAX contribution of COG is only an estimate and may differ in material respects from, and may therefore not be directly comparable to, the calculation of our own Adjusted EBITDAX.

The historical financial information of COG set forth in this offering memorandum are not necessarily indicative of the results to be expected for any future period. Investors are cautioned against placing significant reliance on the historical financial information of COG set forth in this offering memorandum.

Unless otherwise noted, all production numbers presented in this offering memorandum include COG as if the COG Acquisition had been consummated at the beginning of the applicable period.

As Adjusted Financial Data

We also present in this offering memorandum certain financial information on an "as adjusted" basis to give effect to the Transactions. See "*Summary—Summary Historical Financial Information and Other Data*" and "*Capitalization*." Such information reflects (i) the consummation of the COG Acquisition and the inclusion of COG's results for the periods indicated, (ii) the issuance of the Notes offered hereby, (iii) the refinancing and termination of our RBL Facility, (iv) the entry into our New Credit Agreement providing for our New Revolving Credit Agreement, (v) the payment of the Special Dividend and (vi) the payment of transaction fees and expenses related to the foregoing. This as adjusted information is provided for illustrative purposes only and does not purport to represent what our actual results of operations or financial position would have been if the COG Acquisition or the issuance of the Notes offered hereby and the application of the proceeds thereof had occurred at the beginning of the period considered (or, for balance sheet information, at the end of such period). The as adjusted financial information set forth in this offering memorandum is based upon available information and certain assumptions and estimates that we believe are reasonable. The as adjusted financial information has not been prepared in accordance with the requirements of Regulation S-X under the U.S. Securities Act relating to the preparation of pro forma information, the Prospectus Directive or IFRS. Neither the assumptions underlying the adjustments nor the resulting as adjusted financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

Non-IFRS Financial Measures

This offering memorandum contains non-IFRS financial measures and ratios, including Adjusted EBITDAX, Pro Forma Adjusted EBITDAX, Free Cash Flow and Adjusted Capital Expenditure that are not required

by, or presented in accordance with, IFRS. Management uses these measures to calculate operating performance in presentations to the Company's board of directors and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our cash flow and liquidity. Management believes Pro Forma Adjusted EBITDAX represents a useful metric for investors to assess the operating performance and liquidity trends of the Company in light of the COG Acquisition. Also, we present non-IFRS measures and ratios because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance. These non-IFRS measures and ratios may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures and ratios are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit from continuing operations or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating, investing or financing activities.

- Adjusted EBITDAX as presented is comprehensive income or loss adjusted for financial income and financial expenses, depreciation, depletion and amortization, impairment of property, plant and equipment and inventory, income tax expense, exploration and seismic expenses and dry hole cost, foreign exchange income or loss and other non-cash items including excluding other comprehensive income and other adjustments relating to differences in the recognition of revenues and costs which are excluded in order to represent the earnings on a cash basis. The impact on net profit from the Teca license has been excluded as its operations are currently limited to care and maintenance.

- Pro Forma Adjusted EBITDAX consists of Adjusted EBITDAX adjusted to include the estimated contribution to Adjusted EBITDAX of COG.

- Free Cash Flow consists of Adjusted EBITDAX further adjusted for exploration and tax payments, cash capital expenditures, decommissioning funding, and changes in working capital.

- Adjusted Capital Expenditure consists of net cash used in investing activities adjusted to remove the impact of exploration drilling and dry hole expenses and certain other items described in "*Summary—Summary Historical Financial Information and Other Data*," including excluding the contribution from the Teca license to net cash used in investing activities.

The presentation of Pro Forma Adjusted EBITDAX has been prepared solely in connection with the COG Acquisition for the purpose of this offering memorandum and is not prepared in the ordinary course of our financial reporting practices. See "*Financial Information of COG*."

We present a reconciliation of certain of the non-IFRS financial measures to the most directly comparable measure calculated and presented in accordance with IFRS and discuss its limitations; however, we have not included reconciliations for non-IFRS financial measures for periods prior to the year ended December 31, 2019, as the financial results for such periods were prepared on a different accounting basis and we do not believe that such reconciliations would provide investors with a meaningful basis of comparison. For a reconciliation of these non-IFRS measures, refer to "*Summary—Summary Historical Financial Information and Other Data*."

Adjusted EBITDAX and Pro Forma Adjusted EBITDAX may also be defined differently from the definition of "Consolidated Cash Flow" under the Indenture. Some of the limitations of Adjusted EBITDAX and Pro Forma Adjusted EBITDAX are:

- they do not reflect our cash expenditures or future requirements for contractual commitments, including decommissioning expenditure;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- they do not reflect the significant tax payments that we are required to make from our operating cashflow;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and Adjusted EBITDAX and Pro Forma Adjusted EBITDAX do not reflect any cash requirements that would be required to make such replacements;
- they do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- other companies in our industry may calculate Adjusted EBITDAX and Pro Forma Adjusted EBITDAX differently from the way we do, limiting its usefulness as comparative measures.

Because of these limitations, Adjusted EBITDAX and Pro Forma Adjusted EBITDAX should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations. You should compensate for these limitations by relying primarily on our IFRS results and using these non-IFRS measures only to supplement your evaluation of our performance.

Industry and Market Data

In this offering memorandum, we rely on and refer to information regarding our business and the markets in which we operate and compete. The market data and certain economic and industry data and forecasts used in this offering memorandum are based on reports by market research firms, independent industry publications, government publications and other public independent sources.

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that there can be no assurance as to the accuracy and completeness of such information. We believe that these industry publications and surveys are reliable, but we have not independently verified any of the data from third party sources. All forecasts contained in such publications are inherently uncertain and forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this offering memorandum.

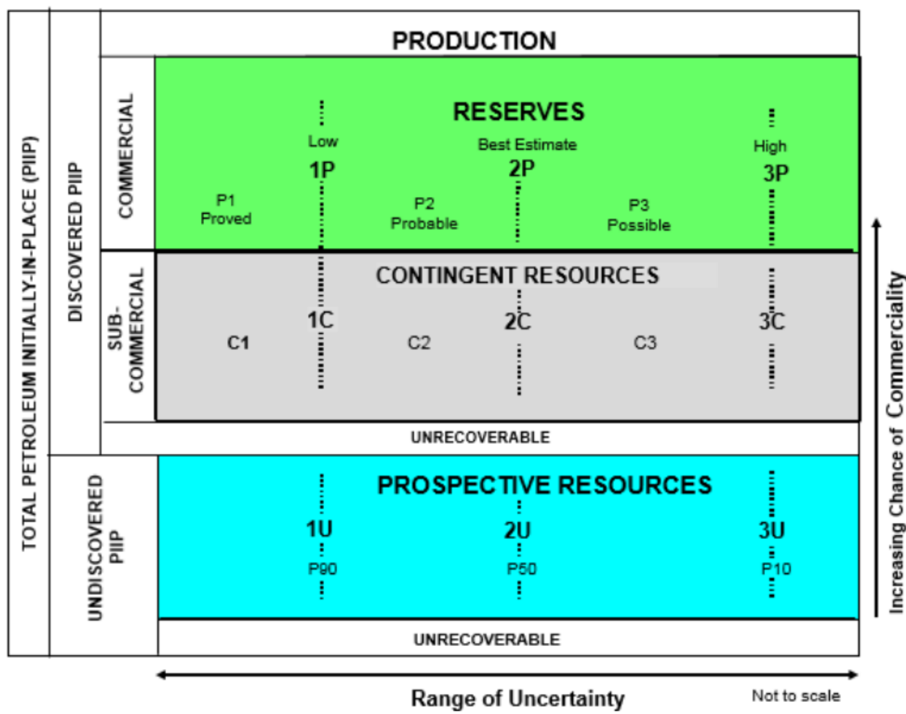
We cannot assure you that any of the assumptions underlying any statements regarding the oil and gas industry are accurate or correctly reflect our position in the industry. Market data and statistics are inherently predictive and speculative and are not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market. In addition, the value of comparisons of statistics for different markets is limited by many factors, including that (i) the markets are defined differently, (ii) the underlying information was gathered by different methods and (iii) different assumptions were applied in compiling the data. Accordingly, the market statistics included in this offering memorandum should be viewed with caution and no representation or warranty is given by any person, including us and the initial purchasers, as to their accuracy.

Elsewhere in this offering memorandum, statements regarding the oil and gas industry are not based on published statistical data or information obtained from independent third parties, but are based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. We cannot assure you that any of these studies or estimates are accurate, and none of our internal surveys or information have been verified by any independent sources. While we are not aware of any misstatements regarding our estimates presented herein, our estimates involve risks, assumptions and uncertainties and are subject to change based on various factors, including those discussed under the heading "*Risk Factors*" in this offering memorandum.

In this offering memorandum, any references to our "peers" are to Latin American oil and gas companies that are focused on Colombia that we believe operate in the same or similar businesses as ours and, where relevant, that are listed and/or rated by credit rating agencies. Any financial, statistical or other data with respect to such peers is compiled from publicly available sources and any references to "average" with respect to such peer financial, statistical or other data shall be based on simple averages (unless otherwise indicated). The peer data presented is an estimate and may not be comparable across companies and therefore has limitations as an analytical tool and should not be considered in isolation.

Certain Reserves, Contingent Resources and Production Information

Our oil and gas reserves data presented in this offering memorandum, including those of COG, has been estimated by (i) D&M, (ii) RPS, (iii) Beicip and (iv) McDaniel, each in accordance with the 2007 Petroleum Resources Management System, as revised in 2018 ("PRMS"), sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. The framework is illustrated in the following figure.



The reserves data presented in this offering memorandum is derived from the following separate independent evaluation reports:

- Report as of December 31, 2020 on Reserves and Revenue of Certain Fields in the Llanos and Middle Magdalena Valley Basins, Colombia for SierraCol Energy Consolidated Report Escalated Price Case, prepared by D&M (the "D&M Report");

- Reserves Evaluation of CEDCO Assets, prepared by RPS (the "RPS Report");

- Reserve Certification of Bolivar Block—LAGOSUR (Colombia), prepared by Beicip (the "Beicip Report"); and

- Evaluation of Petroleum Reserves—LLA-23 Block-Colombia, prepared by McDaniel (the "McDaniel Report" and, together with the D&M Report, the RPS Report and the Beicip Report, the "Reserve Reports").

In this offering memorandum, "1P reserves," or "proved reserves," are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. "2P reserves," or "proved plus probable reserves," are "1P reserves" or "proved reserves" plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered

than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate.

Additionally, in this offering memorandum, we refer to contingent oil and gas resources, which are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Pursuant to the classifications and definitions provided by PRMS, "2C" resources or "contingent resources" is the "best estimate" scenario of contingent resources whereby the probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amount is at least 50%.

We have retained the Reserve Engineers as independent reserve engineers for the purposes of estimating certain reserves and resources associated with our asset portfolio. Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. The 1P and 2P reserves estimates presented in this offering memorandum for (i) our 1P and 2P reserves in our La Cira Infantas, Cravo Norte, Chipirón, Rondón and Cosecha assets, including minority interests held by Repsol in SierraCol Arauca with respect to the latter four assets, are derived from the D&M Report, (ii) COG's Rio Verde, Alcaravan and Los Hatos assets are derived from the RPS Report, (iii) COG's Bolivar asset is derived from the Beicip Report and (iv) COG's Llanos 23 asset is derived from the McDaniel Report. The Reserve Engineers were engaged to estimate assets representing 100% of our total 1P and 100% of our total 2P reserves.

The 2C resources presented in this offering memorandum with respect to the Bolivar license are derived from the Beicip report. The remaining 2C resources estimates presented in this offering memorandum are derived from management estimates.

The following tables provide an overview of our 1P and 2P reserves and 2C resources as of December 31, 2020 on an entitlement basis, shown gross or net of royalties, by license.

License	Working Interest	Basin	1P Reserves (mmbbl)		2P Reserves (mmbbl)		2C Resources (mmboe)	2020 Production (Net) (kbopd)
			Gross	Net	Gross	Net	Gross	
Cravo Norte[(1)]	45%	Northern Llanos	12	10	14	12	9	7.5
Chipirón[(1)]	70%	Northern Llanos	3	2	4	3	2	2.6
Rondón[(1)]	50%	Northern Llanos	2	2	2	2	4	2.4
Cosecha[(1)]	70%	Northern Llanos	11	10	17	15	3	9.9
Caño Limón Area Sub-Total		**Northern Llanos**	**28**	**24**	**36**	**32**	**18**	**22.4**
La Cira Infantas	48%	Middle Magdalena	57	51	69	62	74	13.8
Rio Verde	100%	Central Llanos	6	5	11	10	-	1.2
Alcaravan	100%	Central Llanos	2	2	3	3	-	0.6
Los Hatos	100%	Central Llanos	1	1	1	1	-	0.0
Llanos 23	100%	Central Llanos	3	3	5	4	-	-
Bolivar	100%	Middle Magdalena	2	2	5	4	23	-

TOTAL	99	88	129	116	115	38.0

(1) Our Cravo Norte, Chipirón, Rondón and Cosecha licenses are collectively referred to as the "Caño Limón area" throughout this offering memorandum. The 1P and 2P "Gross" amounts presented above for the Caño Limón area are derived from the "Company Gross" amounts presented in the D&M Report.

Note: Teca has been excluded as its operations are currently limited to care and maintenance and are not expected to be part of our future growth strategy.

Typical to the industry in which we operate, there are a number of uncertainties inherent in estimating quantities of 1P and 2P reserves and 2C resources, including many factors beyond our control. Such information represents only estimates and such estimates are forward-looking statements, which are based on judgments regarding future events that may be inaccurate. See "*Forward-Looking Statements*." Estimation of 1P and 2P reserves is a subjective process of estimating underground or 2C resources accumulations of oil and gas that cannot be measured in an exact manner. The accuracy of any 1P or 2P reserves estimate is a function of a number of factors, many of which are beyond our control, including the quality of available data, and involves engineering and geological interpretation and judgment. As a result, estimates of different engineers may vary. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the limited nature of reservoir data and the inherently imprecise nature of 1P and 2P reserves and 2C resources estimates, initial 1P and 2P reserves and 2C resources estimates are often different from the quantities of oil and gas that are ultimately recovered. The accuracy of such estimates depends primarily on the assumptions upon which they were based.

You should not place undue reliance on the ability of the estimates of 1P and 2P reserves and 2C resources to predict actual future production or on comparisons of similar reports concerning other companies, and this offering memorandum should be accepted with the understanding that our financial performance subsequent to the date of the estimates may necessitate revision of the 1P and 2P reserves and 2C resources information set forth herein. In addition, except to the extent that we acquire additional properties containing 1P and 2P reserves and 2C resources or conduct successful exploration and development activities, or both, our 1P and 2P reserves and 2C resources will decline as they are produced.

Potential investors should note that we have not estimated 1P and 2P reserves and 2C resources under the standards of reserves and resources measurement applied by the SEC (the "SEC Basis") for any of the relevant periods reviewed in the offering memorandum, or otherwise. The SEC Basis differs from PRMS. Additionally, the SEC generally limits the disclosure of estimates of oil and gas resources other than reserves unless required to be disclosed by foreign or state law.

Unless otherwise indicated, all production figures are presented on a net entitlement sales volume basis. 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 project basis (*i.e.*, the total interests of all relevant license holders in the relevant fields and license areas without deduction for the economic interest of our commercial partners, government production shares, taxes or royalty interests or otherwise). Forecasts of production for our individual assets are derived from production estimates included in our reserve reports. Our legal interest in the relevant fields and license areas are separately disclosed. See "*Business—Material Agreements Relating to Our Assets*" for a more detailed discussion of the terms of the agreements governing our interests.

Hydrocarbon Data

This offering memorandum presents certain production and reserves-related information on an "equivalency" basis. Our conversion of data for tons into barrels and from cubic feet into barrels of oil equivalent ("boe") may differ from such data used by other companies. We have assumed a conversion rate of 6 scf to 1 boe. This conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent value equivalencies at the wellhead. Although this conversion factor is an industry accepted convention, it is not reflective of price or market value differentials between product types.

Presentation in Reserve Reports

As described above, the Reserve Engineers have estimated the reserves and resources of certain fields in our asset base on a historical basis and provided their estimates in the applicable Reserve Report.

The technical personnel responsible for preparing the certification of the reserve estimates at each Reserve Engineer meet the requirements regarding qualifications, independence, objectivity and confidentiality set forth by the Society of Petroleum Engineers. Each Reserve Engineer is an independent consultancy firm and does not own an interest in our properties and is not employed on a contingent fee basis.

Internal Controls over Reserves and Resources Estimates

Our policy regarding internal controls over the recording of reserves and resources is structured to objectively and accurately estimate our oil and gas reserve and resource quantities and values in compliance with PRMS. These definitions and guidelines are designed to provide a common reference for the international petroleum industry, including national reporting and regulatory disclosure agencies, and to support petroleum project and portfolio management requirements. They are intended to improve clarity in global communications regarding petroleum resources. Our reserves team maintains oversight and compliance responsibility for our internal reserve and resource estimate process and provides appropriate data to each Reserve Engineer for the estimation of our year-end reserves and resources.

Reserves and resources are estimated using standard recognized evaluation techniques. Going forward, the reserves and resources estimates for each asset will be prepared by management and all or a significant part thereof will be audited by our appointed reserves auditor annually. We expect to provide the reserves auditor with technical information including production, geological, geophysical, petrophysical, engineering and financial data as well as fiscal terms applicable to the various assets. Future development costs are provided consistent with the activities required to produce the reserves or, if applicable, resources. We expect that the reserves auditor will audit the information provided and recommend changes to the technical assumptions as required.

TRADEMARKS AND TRADE NAMES

We own or have rights to trademarks, service marks or trade names that we use in connection with the operation of our business. In addition, we have trademark and service mark rights to our names, logos and website names and addresses. Solely for convenience, in some cases, the trademarks, service marks and trade names referred to in this offering memorandum are listed without the applicable ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to these trademarks, service marks and trade names. Other trademarks and service marks referenced in this offering memorandum are, to our knowledge, the property of their respective owners.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "believes," "estimates," "anticipates," "expects," "seeks," "projects," "intends," "plans," "may," "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, position in the market and the industry in which we operate.

In addition, statements relating to "reserves" and "resources" are, by their nature, forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future. The recovery and reserve and resource estimates of our reserves and resources provided herein are estimates only and there is no guarantee that the estimated reserves and resources will be recovered. As a consequence, actual results may differ materially from those anticipated in the

forward-looking statements. See "*Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information*."

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We believe that these risks and uncertainties include, but are not limited to, those described in the "*Risk Factors*" section of this offering memorandum. Those factors should not be construed as exhaustive and should be read with the other cautionary statements in this offering memorandum.

Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition, liquidity, prospects, growth, strategies, position in the market and the development of the industry in which we operate may differ materially from those described in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition, liquidity, prospects, growth, strategies, position in the market and the development of the industry in which we operate are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements that we make in this offering memorandum speak only as of the date of those statements, and we undertake no obligation to update those statements or to publicly announce the results of any revisions to any of those statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

SUMMARY

The following summary highlights certain information contained elsewhere in this offering memorandum and is qualified in its entirety by the more detailed information and the Combined Financial Statements included elsewhere herein. Because this is a summary, it is not complete and may not contain all of the information that may be important to you in making a decision to invest in the Notes. Before making an investment decision, you should carefully read the entire offering memorandum, including "Forward-Looking Statements," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" as well as our Combined Financial Statements and related notes included elsewhere in this offering memorandum.

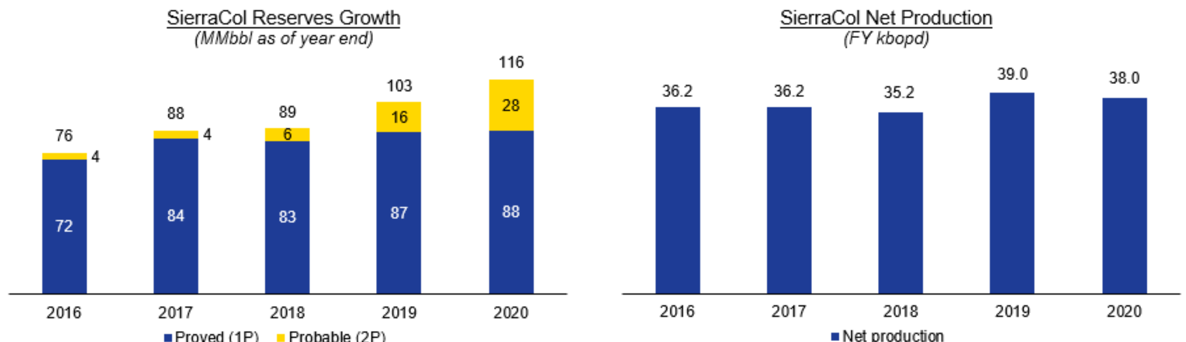
Our Company

We are the largest independent E&P company in Colombia based on 2020 gross operated production (referring to the gross production, before working interest, of the licenses we operate or jointly-operate), with full life-cycle capabilities across exploration, development and production. We were founded as a new entity, headquartered in Bogotá, Colombia, to acquire Oxy's onshore business in Colombia in 2020. We believe we acquired a large-scale, well-invested, high quality portfolio with resilient free cash flow generation and which we believe provides significant opportunities to create value.

We own interests in what we believe to be some of the most prolific fields in the Colombian E&P sector, including the Caño Limón area and La Cira Infantas, which benefit from structurally advantaged, industry-leading netbacks due to world-class scale, low transportation costs and high-quality light oil. Our assets have demonstrated a long track record of stable production and cash generation, which we expect to maintain by commercializing our material base of reserves and resources and continuing to grow our reserve life. Our high-margin barrels, efficient reinvestment rates and control over capital expenditures allow us to generate significant amounts of free cash flow through the cycle.

For the year ended December 31, 2020, we produced 38.0 kbopd (100% oil), of which 1.8 kbopd was attributable to COG, and generated US$287 million of Free Cash Flow. As of December 31, 2020, we had 2P reserves of 116 mmbbl (100% oil) with a net present value of US$1.7 billion, of which 21 mmbbl was attributable to COG with a net present value of US$241 million, and total contingent resources of 364 mmboe (of which 115 mmboe is 2C resources), of which 65mmboe was attributable to COG. Our diversified asset base is spread across twelve producing licenses (including 2 currently idle) and eight exploration licenses in the Llanos, Middle Magdalena and Putumayo basins. Our production today comes from over 1,500 producing wells across 29 producing fields, with very distributed subsurface and surface risk and limited technology risk due to production being generated from well-understood, conventional onshore reservoirs. We operate or jointly-operate 100% of our production and, in 2020, we operated or jointly-operated 88.2 kbopd of gross production (of which 2.0 kbopd was attributable to COG), which is the highest in country aside from Ecopetrol. Our control over capital expenditure, in particular, allows us to maintain resilience through the commodity price cycle.

The graphs below illustrate how we grew our oil reserves year-on-year while keeping our production stable. For purposes of the SierraCol Reserves Growth chart, the COG Acquisition is assumed to have occurred in 2020.



We retained the strong local management team that Oxy had in place prior to our acquisition, which we supplemented with additional expertise, including Chairman Tony Hayward, who has over 39 years of industry experience and invaluable knowledge of the Colombian E&P sector. We are backed by funds advised by Carlyle.

The following map shows the licenses in which we have a working interest as of the date of this offering memorandum.

The following table sets forth certain information about our licenses.

License	Working Interest	Operator	Basin	Stage	Area (km²)	Reserves (Net) (mmbbl) 1P	Reserves (Net) (mmbbl) 2P	NPV10 (USDm) 1P	NPV10 (USDm) 2P	Resources (Gross) (mmboe) 2C	2020 Production (kbopd) (Net)
Cravo Norte[(1)]	45%	SierraCol	Northern Llanos	Production	40	10	12	193	210	9	7.5
Chipirón[(1)]	70%	SierraCol	Northern Llanos	Production	227	2	3	60	78	2	2.6
Rondón[(1)]	50%	SierraCol	Northern Llanos	Production	101	2	2	48	55	4	2.4
Cosecha[(1)]	70%	SierraCol	Northern Llanos	Production	698	10	15	283	413	3	9.9
Caño Limón Area Sub-Total		**SierraCol**	**Northern Llanos**	**Production**	**1,066**	**24**	**32**	**584**	**755**	**18**	**22.4**
La Cira Infantas	48%	SierraCol / Ecopetrol[(3)]	Middle Magdalena	Production	189	51	62	556	684	74	13.8
Rio Verde	100%	SierraCol	Central Llanos	Production	23	5	10	44	95	-	1.2

License	Working Interest	Operator	Basin	Stage	Area (km²)	Reserves (Net) (mmbbl)		NPV10 (USDm)		Resources (Gross) (mmboe)	2020 Production (kbopd)
						1P	2P	1P	2P	2C	(Net)
Alcaravan	100%	SierraCol	Central Llanos	Production	96	2	3	14	42	-	0.6
Los Hatos	100%	SierraCol	Central Llanos	Production	1	1	1	8	9	-	0.0
Llanos 23	100%	SierraCol	Central Llanos	Production	466	3	4	28	50	-	-
Bolivar	100%	SierraCol	Middle Magdalena	Production	82	2	4	7	45	23	-
Bocachico	100%	SierraCol	Middle Magdalena	Production	221	-	-	-	-	-	-
Mecaya	50%	GeoPark	Putumayo	Exploration	300	-	-	-	-	-	-
Terecay	50%	GeoPark	Putumayo	Exploration	2,374	-	-	-	-	-	-
Tacacho	50%	GeoPark	Putumayo	Exploration	2,384	-	-	-	-	-	-
Putumayo-8	50%	GeoPark	Putumayo	Exploration	416	-	-	-	-	-	-
Putumayo-9	50%	GeoPark	Putumayo	Exploration	491	-	-	-	-	-	-
Putumayo-36[2]	50%	GeoPark	Putumayo	Exploration	599	-	-	-	-	-	-
Llanos 39	50%	SierraCol	Northern Llanos	Exploration	605	-	-	-	-	-	-
Llanos 52	48%	SierraCol	Northern Llanos	Exploration	353	-	-	-	-	-	-
TOTAL					**9,668**	**88**	**116**	**1,241**	**1,680**	**115**	**38.0**

(1) Our Cravo Norte, Chipirón, Rondón and Cosecha licenses are collectively referred to as the "Caño Limón area" throughout this offering memorandum. The 1P and 2P "Gross" amounts presented above for the Caño Limón area are derived from the "Company Gross" amounts presented in the D&M Report.

(2) Putumayo-36 has been included though the completion of its acquisition from Oxy remains subject to approval from ANH.

(3) We are joint operator in La Cira Infantas, operating capital expenditure while Ecopetrol manages operating expenditure.

Note: Teca has been excluded as its operations are currently limited to care and maintenance and are not expected to be part of our future growth strategy.

Our Strengths

We are an independent E&P company headquartered in Bogotá, Colombia, with operations that extend over an acreage of approximately 9,670 km² across the Llanos, Middle Magdalena and Putumayo basins in Colombia. We believe that we benefit from the following competitive strengths:

Largest independent oil producer in Colombia with a high-quality portfolio of well-understood assets, low sub-surface risk and a successful track record of stable operation

We operate or jointly operate 88.2 kbopd, which represents approximately 11% of Colombia's total daily oil production and makes us the largest independent oil producer in the country by gross operated production. Our average net production after royalties was 38.0 kbopd for the year ended December 31, 2020, which makes us the third largest independent oil producer in Colombia by this metric.

Our portfolio includes two of Colombia's most prolific assets: the Caño Limón area, a world-class reservoir that gained Colombia its status as a net oil exporter worldwide following its discovery in 1983, and La Cira Infantas,

Colombia's oldest oil field, having been in production for over 100 years and with significant reserves still to be produced and developed.

As of December 31, 2020, we had 2P net reserves after royalties of 115.6 mmbbl, of which 76% are 1P reserves. Our total reserves and resources provide us with the opportunity to grow our production efficiently for an extended period of time. As of December 31, 2020, our average reserves-to-production ("R/P") ratio was 8.5 years. We discovered and matured approximately 50% of our reserves in the last three years, validating the longevity of our portfolio. We have a successful track record of reserve replacement, with our reserve replacement ratio ("RRR") averaging 147% in the last five years, combined with a systematic increase of our R/P ratio over this period from 5.5 years in 2016 to 8.5 years currently.

We operate a large portfolio, comprised of twelve producing licenses (including two currently idle) and eight exploration licenses, that is well diversified in terms of basins, distinct geological plays and development schemes that range from primary recovery to enhanced recovery. We currently operate a significant base of over 1,500 producing wells across 29 producing fields, which reduces our risk of dependency on a single well or field and provides us with significant data on the behavior and characteristics of our many producing reservoirs.

The recent COG Acquisition complemented our portfolio by adding 21.3 mmbbl of 2P reserves to our Company's total of 94.3 mmbbl as of December 31, 2020, and 1.8 kbopd of net production after royalties to our Company's total of 36.2 kbopd in 2020. The acquisition of COG provides us with additional near-term drillable upside opportunities, and we expect to be able to accelerate the development of its portfolio of reserves and resources to increase production. COG also provides us with a new operating hub in the Central Llanos and, we believe, provides a cost synergy opportunity of approximately US$5 million per year, which we plan to realize over the course of the next few months as the assets can be integrated quickly and efficiently.

As opposed to US shale assets, our conventional portfolio has lower subsurface risk, lower decline rates, lower reinvestment rates and less dependence on costly, complex technologies, which delivers highly cash-generative production. Altogether, we believe that the robust data and knowledge acquired over 40 years of production significantly de-risks our future performance. All wells are drilled and completed with conventional methods using well-established technologies, and a very large number of wells have been drilled in all areas of operations, leading to excellent subsurface knowledge.

Our assets are structurally advantaged due to scale, high-quality oil and low transport costs, leading to industry-leading profitability

We benefit from several structural advantages in our asset base that we believe cannot be easily replicated by our peers, which has allowed us to realize average industry-leading netbacks of US$27/bbl in 2020 versus our peers, which had an estimated realized average netback of US$15/boe in 2020. Realized average netback is defined as Adjusted EBITDAX divided by annual production.

As evidenced by our industry leading gross operated production levels, our fields are among the most prolific upstream assets in Colombia and operate at a world-class scale. This leads to economies of scale in operations and reinvestment rates, as well as significant optionality to create value as we continue to recover oil from these assets with significant available reserves.

Production from our portfolio is 94% high-quality oil, with API ranging between 25 and 35 and low sulfur, allowing us to capture industry-leading realized oil prices through lower quality discounts than other heavier crudes in Colombia. During 2020 our realized oil price, net of royalties, was US$39/bbl, compared, for example, to our peers, which had an estimated average realized price of US$32/bbl during 2020.

Due to the historical importance of our assets in Colombia, critical transport infrastructure was built in close proximity to our fields, reducing our need to incur costly capex investments and minimizing our commercialization risk. As a result, we have been able to secure highly favorable commercial terms with relevant players like Ecopetrol. Our transport costs of US$1/bbl in 2020 are industry leading in Colombia, where our peers had estimated average transportation costs of US$6/boe in 2020.

Given the strategic relevance of our crude to Ecopetrol, Colombia's national oil company, we have offtake agreements in place with them for 95% of our production. The remainder of our crude, produced from COG's assets, is purchased by BP. Our offtake agreements can be renewed every one or two years and, during our last renewals in September 2020 and May 2021, we were able to further improve terms. Also, these agreements have allowed us to focus our efforts on enhancing production and exploration operations, while transferring a significant portion of the commercialization risk to our investment-grade offtakers and long-standing partners, Ecopetrol and BP.

Oil produced from La Cira Infantas is delivered to Ecopetrol at the El Centro pipeline station and, from there, to Ecopetrol's Barrancabermeja refinery. The Barrancabermeja refinery, one of Colombia's top two refineries, was designed to operate with a crude oil diet based on a quality similar to our La Cira Infantas's production, making our crude a first choice to its operation. As a result of the offtake agreement with Ecopetrol and our proximity to the Barrancabermeja refinery, we enjoy minimal transportation costs for La Cira Infantas of US$0.1/bbl.

Production from the Caño Limón area is evacuated via the Caño Limón–Coveñas ("CLC") pipeline, which is operated by Ecopetrol's subsidiary CENIT, where we have reserved transportation capacity of 60 kbopd at a preferential tariff. Our Company has the right to use the CLC pipeline for the life of our operations in the Cravo Norte license, regardless of the offtaker as we initially built the pipeline and later sold it to CENIT. In addition to the CLC pipeline, we also have access to the Bicentenario pipeline as an alternative evacuation route and have built redundant strategic storage capacity, which provides us with operational flexibility to support continuity of our commercial operation.

Robust cash flow generation underpinned by stable production base, low and flexible capital requirements, and structurally higher netbacks than peers

Our portfolio has delivered stable production and high cash generation through the crude price cycle. We have been able to generate an average of US$181.5 million in annual Free Cash Flow from 2016 through 2020.

	Units	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Brent	**$/bbl**	45	55	72	64	43
Net Production	**kbopd**	36.2	36.2	35.2	39.0	38.0
Adjusted Capex	**US$m**	72.5	174.5	224.2	158.9	45.3
Free Cash Flow	**US$m**	155.4	203.4	123.3	138.2	287.0

Our cash flow has been resilient, despite the volatility of crude prices, thanks to the stable production performance from our well-understood fields and discretion over our expansion capital deployment.

Given the diversity and longevity of our asset base, we have been able to deliver a historically stable net production after royalties ranging between 35.2 and 39.0 kbopd over the past five years.

We operate, or jointly operate, 100% of our production, which gives us the ability to deploy capex at our discretion in line with oil price performance. Historically, approximately 78% of our capital expenditure was discretionary in nature, comprised of small ticket, modular investments with fast payback cycles. More recently, through this strategy we were able to mitigate the impact on cash flow generation from the drop in crude prices brought by the COVID-19 pandemic by reducing capital expenditures by approximately 68% versus our budget during 2020, the majority of which we were able to remove within one month. As a result, we were able to generate US$287.0 million in Free Cash Flow in 2020, which compares to US$138.2 million in 2019, despite significantly lower average Brent crude prices in 2020 versus 2019 ($43/bbl vs. US$64/bbl, respectively).

We have been able to generate high cash flow thanks to industry-leading netbacks and low maintenance capex requirements.

We have the highest operating netbacks, defined as Adjusted EBITDAX divided by annual production, among our peers, thanks to higher realized crude prices, low operating break-evens and advantaged transportation costs. Production from our portfolio is 94% high-quality oil, with API ranging between 25 and 35 and low sulfur, allowing us to capture higher realized oil prices through lower quality discounts than other heavier crudes in Colombia. During 2020, our realized oil price was industry leading at US$39/bbl, compared, for example, to our peers, which had an estimated average realized price of US$32/bbl during 2020. Our break-even point, defined as

operating expenditure plus G&A plus transportation costs divided by annual production, was US$14/bbl for each of the years ended December 31, 2019 and 2020, and we achieved an operating netback of US$27/bbl in 2020, which is approximately 74% higher than the estimated average of our peers.

While we already deliver strong netbacks, we believe we have further room to increase free cash flow generation through a rigorous oversight of our cost base. The actions that we have planned for the near term to deliver the reduction of our cost base include optimizing our G&A following the carve-out from the Oxy portfolio and realizing synergies from our recent COG acquisition.

We also have low maintenance capital expenditure requirements which allows us to focus our available funding and time on growing production and reserves. For the five-year period from 2016 to 2020, maintenance capital expenditure represented only 24% of our capital expenditure spend.

Conservative capital structure and active risk management through hedging and insurance, providing enhanced cash flow stability

We currently have a strong financial position because of low leverage, long-dated debt maturities and ample liquidity, which we intend to maintain. As of March 31, 2021, Net Debt / EBITDAX (calculated as total financial debt, minus cash and equivalents, divided by annualized Pro Forma Adjusted EBITDAX for the first quarter of 2021) for Holdings and its subsidiaries, on an as adjusted basis after giving effect to the Transactions, was 0.86x. See "*Capitalization*." Our current leverage is significantly lower than other peer companies, which had an estimated median ratio of 2.2x as of March 31, 2021.

Available liquidity for Holdings and its subsidiaries as of March 31, 2021, on an as adjusted basis after giving effect to the Transactions, was US$223 million, consisting of US$157 million of cash on our balance sheet plus US$80 million of available borrowing capacity under our New Revolving Credit Facility, which will mature in June 2026, less up to approximately US$13.5 million of existing letters of credit.

In addition, we are also highly focused on risk management and capital protection through active hedging and insurance programs, both of which draw from the extensive experience of Carlyle. 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. This hedging strategy has been successfully implemented in several other Carlyle portfolio companies, including Neptune Energy, where production is similarly hedged on a rolling basis, giving downside protection to lenders in the company's Reserves Based Lending facility and corporate bonds. As of the date of this offering memorandum, we had hedged 75% of our production for the second half of 2021 and 33% 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 US$51 per barrel and US$52 per barrel, respectively.

Our properties and liabilities are insured within a comprehensive energy insurance package. The coverage includes property damage, third party liability, operators' extra expense, political violence and terrorism, business interruption, environmental liability, directors & officers and cyber. The insurance policies are subject to deductibles, limits and exclusions that we consider appropriate and in-line with industry standards.

Most of our operating costs are denominated, and paid, in Colombian pesos ("COP"), while revenues are denominated, and paid, in US dollars. This implies that the devaluation of the COP, which often occurs under lower oil price environments, acts as a natural hedge for our cash flows. Additionally, having revenues in US dollars and costs in COP provides us with protection from macro-economic shocks affecting Colombia. For instance, the COP has devalued by approximately 7% against the US dollar between the beginning of the year and June 1, 2021, notwithstanding the stronger crude prices in the period. We may opportunistically hedge COP exposure when COP de-couples from oil price movements, presenting attractive opportunities for us to lock in devaluation movements.

Proven track record of ESG excellence and continued focus on health and safety for our workers

Our ESG policy is built upon four pillars: (i) setting the highest health and safety standards for our workers, (ii) constructive social engagement with all our stakeholders, (iii) reducing emissions, and (iv) implementing an

Environmental and Social Action Plan ("ESAP"). Going forward, we plan to obtain a Sustainalytics ESG rating by 2023.

Setting the highest health and safety standards for our employees is one of our core values. During the last five years, our average annual Total Recordable Incident Rate ("TRIR"), giving effect to the acquisition of COG, has been below 1.0. Our annual Process Safety Events Rate ("PSER") for our operated assets was 0.31 in 2020, reflecting the positive impact that our Mechanical Integrity Plans have had in these assets.

Since 1990, the Alcaravan Foundation, a social initiative founded by us and backed by our partner, Ecopetrol, has positively impacted the Northern Llanos area by fulfilling commitments to support our local communities. Over the past 30 years, together with Ecopetrol, we have invested more than an estimated US$60 million, benefiting more than 66,000 people, including schoolchildren, micro entrepreneurs, teachers, farmers and women. During that same period, the Foundation has completed 203 community impact projects across 58 Araucan villages to support community development initiatives in the Northern Llanos fields, including measures to boost agriculture, entrepreneurship, digital connectivity, education, housing and literacy in the region. Maintaining and further developing relationships with communities in our areas of impact will continue to be a pillar of our ESG strategy.

Since our acquisition from Oxy, and following advice from Carlyle, we have set ambitious targets to reduce our carbon emissions by 50% over the next two years, which we believe is a market-leading initiative compared to our peers. Expected reduction measures that we have identified include gas flaring elimination, use of renewable energy sources through the construction of a new solar park and the reduction of methane and other fugitive emissions. We are also committed to environmental protection with strong policies that guide water and waste management – including circular economy initiatives to increase sustainability in water, energy and materials – and to preserve the flora and fauna species that coexist with our operations in Arauca.

Furthermore, in consultation with Carlyle, we have taken additional steps to further align our ESG practices with the highest international standards. As a result, we have devised an ESAP plan with a leading environmental consultant. The plan identifies 46 specific actions to bring our operations in line with the International Finance Corporation's (World Bank) standards, including the Equator Principles and the United Nations' Sustainable Development Goals. Later this year, we also expect to issue our inaugural sustainability report, which will further lay out our ESG strategy and initiatives.

Experienced management team with deep understanding of the assets, further enhanced by Carlyle's industry experience

We became a standalone entity in December 2020, following the acquisition of the entire onshore asset base and operations of Oxy in Colombia. We took over from Oxy, owner and operator for over 40 years of two of Colombia's most prolific assets, and retained its local management team, preserving the deep operational knowledge attained during this timeframe. As mentioned earlier, as of June 2021 our team of professionals currently operate over 1,500 producing wells across 29 fields in production, and over time has drilled more than 2,400 wells and cumulatively produced approximately 2.4 billion barrels of oil, making it one of the most experienced teams in the country.

Our senior executive team was further bolstered by energy veteran Tony Hayward (our Executive Chairman), Bernardo Ortiz (CEO) and Sebastien Garnier (CFO). In addition to his position at SierraCol, Tony Hayward is chairman of Glencore and former CEO of BP, with a long and successful history in Colombia dating back to the early 1990s. Bernardo Ortiz brings regional know-how from his years acting as head of business development for Oxy across Latin America. Sebastien Garnier brings financial expertise to the management team of SierraCol, having previously served as CFO for Perenco's Latin American business. Additional senior external appointments in the areas of operational support and ESG have further complemented our management team.

Furthermore, our operation is backed by Carlyle, one of the largest alternative asset managers globally, with US$260 billion of total assets under management as of March 31, 2021 and publicly listed on the NASDAQ. Carlyle holds our investment through one of the largest funds dedicated to the oil and gas industry globally, Carlyle International Energy Partners ("CIEP"), whose team has US$7 billion of assets under management across Europe, Africa, Latin America and Asia, and is mandated to exclusively invest in the energy value chain in geographies

outside of North America. Carlyle's international energy team is based in London and has over 225 years of combined energy industry experience and over 115 years of private equity experience. The team focuses on transactions where it has a distinctive competitive advantage and can help create tangible value for companies in which it invests, through industry specialization, deployment of human capital and access to Carlyle's global network.

Similar successful E&P carve-outs by Carlyle include Neptune Energy, one of the largest independent OECD-focused E&P companies in Europe with production in 2020 of 142 kboepd and which has had two successful corporate bond issuances raising US$850 million in recent years, and Assala Energy, the second largest oil producer in onshore Gabon. Similar to SierraCol, both of these Carlyle portfolio companies were acquired through carve-outs from larger companies and have operated successfully since acquisition through a more focused strategy. Furthermore, Carlyle has significant experience in Colombia through two previous investments: COG Energy, an E&P company with assets in the Llanos and Middle Magdalena basins that was acquired by Carlyle in 2017 (subsequently acquired by SierraCol in 2021), and CEPSA, Europe's largest privately-owned integrated oil & gas company, which Carlyle acquired in 2019 and that also has E&P operations in Colombia.

Colombia is an investor-friendly OECD country, with stable fiscal terms and regulations

Colombia has a long track record of prudent macroeconomic, fiscal and monetary management. Furthermore, in 2020 Colombia was admitted to the Organization for Economic Cooperation and Development ("OECD"), one of only three countries in South America admitted to this intergovernmental economic organization whose members are committed to democracy and the market economy and that are characterized by relatively high income on a per capita basis. Colombia is recognized by the IMF to have implemented very strong policy frameworks, and a gradual recovery is expected in 2021 to previous levels of GDP growth rate of 5.1%, along with a stable inflation level of 2.1%.

In addition to a resilient economy, Colombia has a favorable and well-defined regulatory environment for oil and gas companies administered by the ANH, as well as a sophisticated domestic oil & gas industry that has developed over more than a century. Several domestic and international players operate in Colombia's oil & gas industry. These include its national oil company, Ecopetrol, several independent Latin America-focused players such as SierraCol, Parex, GeoPark, Canacol, Gran Tierra and Frontera, as well as a number of international companies such as Shell, Petrobras and ONGC, among others.

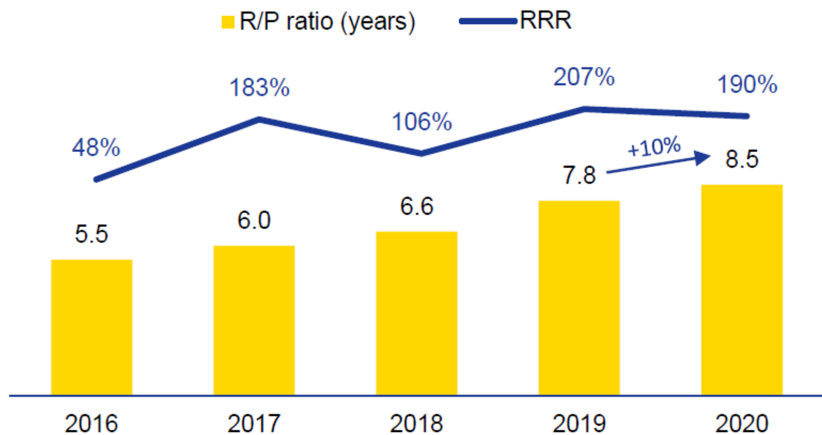
In addition to our long-standing and multi-faceted partnership with Ecopetrol and BP, we also have close relationships with other key players in the country. We hold a track record of successful negotiations with the ANH, the industry regulator, in obtaining all necessary approvals for ongoing operations. We hold strategic relationships with GeoPark, a successful explorer and operator of our exploration licenses in the Putumayo basin, where we believe the outlook is comparable to the most prolific fields in the Oriente basin in Ecuador, with relatively easy access to existing production facilities and evacuation routes. Since 1987, we have had a relationship in the Northern Llanos basin with Repsol, who owns a 25% stake in SierraCol Arauca and is an experienced and world-renowned operator.

Our Strategy

Maintain our long-dated track record of stable production and cash generation, while sustainably growing free cash flow over time by efficiently commercializing our significant base of reserves and resources

We will seek to maintain our position as one of Colombia's top producers on the back of our sizeable portfolio of well-established oil producing assets. Our strategy will continue to leverage the decades-long production profile and low decline rates of two of Colombia's most relevant producing assets: the Caño Limón area, a world-class reservoir that regained Colombia its status as a net oil exporter worldwide since its discovery in 1983, and La Cira Infantas, Colombia's oldest oil field that has been in production for over 100 years. The onshore and conventional nature of these assets, along with decades of operational history, provides us with a base of well-understood assets that will continue to support future production. We will also leverage the significant upside opportunities recently obtained as part of the COG Acquisition, which we believe will help to accelerate production growth.

Our ample base of 88.1 mmbbl 1P reserves and 115.6 mmbbl 2P reserves net of royalties as of December 31, 2020 is bolstered by an attractive portfolio of contingent resources. We aim to continuously increase our proven and probable reserves base by means of strong 2P RRR from contingent resources, as was the case during 2020 with a ratio of approximately 190%, including the COG Acquisition. Our R/P ratio has also steadily increased across the past five years from 5.5 years in 2016 to 8.5 years currently. We estimate that our total reserves and resources ("R&R") as of December 31, 2020 is approximately 480 mmboe (including an estimated 364mmboe of 3C resources), which provides us ample capacity to generate stable production for many years.



To bolster our contingent resource portfolio, we see several attractive low-risk exploration opportunities to further grow production and cash flow over time. In addition to our estimated 480 mmboe of R&R, we are evaluating over 200 mmboe in risked prospective resources across the Northern Llanos, Middle Magdalena and Putumayo basins. We have an ample exploration portfolio that ranges from highly accretive near-field exploration projects in the Northern Llanos area, to high-impact exploration resources in the Putumayo basin. We believe that all of these can be quickly converted into production through existing infrastructure and have the potential to significantly increase our reserve base, making it an efficient and diversified exploration program. COG also has significant growth potential with numerous development and near-field exploration opportunities, especially through its Bolivar license in the Middle Magdalena basin.

As we continue to commercialize reserves and resources, we will seek to further increase our Free Cash Flow generation, which has been stable and averaged US$181.5 million through the crude price cycle of 2016 to 2020. We expect this increase in cash flow to come from modest increases in production, cost optimization and short-cycle, high payback capital investment.

Further increase our industry-leading operating netbacks in Colombia by leveraging our commercial abilities and through rigorous cost optimization

Due to the historical importance of our assets in Colombia, critical transport infrastructure was built in close proximity to our fields. As a result, we have been able to secure highly favorable commercial terms with relevant players like Ecopetrol. Consequently, our transport costs of US$1/bbl are significantly lower than those for other local operating companies, with average transport costs of US$6/boe in 2020.

The proven relevance of our production to the operation of Ecopetrol, and to the country's economy as a whole, has enabled us to secure offtake agreements on 100% of our production (95% of which is with Ecopetrol) at highly attractive commercial terms, which we expect to remain in place, avoiding otherwise higher costs related to commercialization. We will also seek to improve our commercial and export agreements to further enhance our netback per barrel.

Our strategy focuses on leveraging our logistical advantage and delivering a rigorous cost optimization plan, as we believe there is room for improvement in the existing cost base that we inherited from Oxy. Our plan envisions a transition to a more nimble, streamlined and focused organizational model that is suitable for a

world-class independent producer. We are also seeking a disciplined approach to opex spend in order to drive sustained long-term target savings, and expect that a significant portion of the US$78 million cost reduction realized in 2020 will be converted into a structural cost improvement. We believe these strategies, together, will allow us to further boost profitability and drive superior returns going forward.

Materialize value creation opportunities through efficient capital allocation that results in disciplined organic and inorganic growth

During the year ended December 31, 2020 we operated or jointly operated 100% of our average daily production, which gives us a significant level of control over our operating costs and investments. As operator in all of our Northern Llanos assets, and joint operator in La Cira Infantas (where we operate capex), we retain the ability to flex investments at our discretion in line with oil price performance, which represents one of the main tools we have to navigate economic downturns and to capitalize on favorable oil price environments.

Our investment decisions follow a short-cycle capital investment approach, which we proactively adapt and flex in response to the oil price environment, as noted above. We focus and prioritize near-term investments that can quickly convert into incremental cash flows, while maintaining optionality to assess additional business opportunities as they arise. Provided a suitable oil price environment, we expect to redeploy capital on the ample inventory of near-term opportunities close to existing infrastructure, which we believe require limited incremental capital (including infill wells, workovers and step-outs) and can be monetized quickly.

We will continue to invest in low-risk exploration projects aligned with our growth strategy, while managing our existing exploration commitments and prioritizing low-cost and quick cash flow-generating prospects. We intend to continue growing our reserves base organically through focused exploration and appraisal.

We will continue to assess opportunities to pursue bolt-on acquisitions in a disciplined manner as a way to achieve inorganic and synergistic growth. Such opportunities to bolster our existing portfolio will be evaluated in a way that is consistent with the financially disciplined and operationally value-accretive approach undertaken by Carlyle. Our acquisition of COG Energy is an example of this strategy, which in addition to being accretive to both our R/P ratio and production profile, brings a new hub in the Central Llanos basin to our operation.

Maintain financial discipline and manage risks through hedging and a prudent insurance program

We seek to remain financially disciplined by taking a prudent approach to balance sheet management, robust hedging and insurance programs, and a methodical assessment of potential growth and M&A opportunities.

Our current financial framework enables us to pursue a disciplined growth strategy, while maintaining healthy liquidity and ample headroom to comfortably service debt and pay a dividend that provides a fair return to our shareholders in light of our performance and risk profile.

As of March 31, 2021, Net Debt / EBITDAX (calculated as total financial debt, minus cash and equivalents, divided by annualized Pro Forma Adjusted EBITDAX for the first quarter of 2021) of Holdings and its subsidiaries, on an as adjusted basis after giving effect to the Transactions, was 0.86x, which is well below our estimated peer median leverage of 2.2x. To ensure financial discipline, the amounts of our dividend distributions will be linked to maintaining prudent leverage and liquidity levels.

We will continue to mitigate potential downside from lower commodity prices through a robust options-based hedging strategy (including puts, three-ways and other derivatives). As mentioned earlier, as of the date of this offering memorandum, we had hedged 75% of our expected production for the second half of 2021 and 33% of our expected 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 US$51 per barrel and US$52 per barrel, respectively.

As mentioned earlier, our properties and liabilities are insured with a comprehensive energy insurance package. We intend to continue to maintain the types and amounts of insurance coverage that we believe are consistent with good industry practices.

If presented with an attractive opportunity, we believe our conservative financial strategy will allow us to evaluate future growth and M&A opportunities with ample flexibility. We expect to opportunistically access debt markets from time to time as needed to continue to optimize and diversify our capital structure.

Continue to strengthen our highest commitment to ESG standards

Maintaining strong ESG standards and executing a thoughtful ESG strategy remain top priorities for management. With the support of Carlyle's ESG and investment impact resources, our team in Colombia has developed a new ESG strategy and appointed a new head of ESG. Furthermore, to ensure an alignment of incentives, a portion of the annual compensation of senior management is linked to achieving our ESG objectives.

Following advice from Carlyle, we have devised and implemented an ESAP in partnership with a leading environmental consultant. The plan identifies 46 specific actions to bring operations in line with the International Finance Corporation's standards, including the Equator Principles and the United Nations' Sustainable Development Goals. Later this year, we expect to issue our inaugural sustainability report, which will further lay out in a comprehensive level of detail our ESG strategy and initiatives. We have also set ambitious targets to reduce our carbon emissions by 50% over the next two years, which we believe is a market-leading initiative compared to our peers. We plan to obtain a Sustainalytics ESG Rating by 2023.

We also participate in the Alcaravan Foundation, a social initiative backed by us and our partner Ecopetrol, which has positively impacted over 66,000 people in the Northern Llanos area by fulfilling commitments to support our local communities. Together with Ecopetrol, we have invested more than US$60 million. Maintaining and further developing relationships with communities in our areas of impact will continue to be a pillar of our ESG strategy.

We will continue to strengthen social engagement with our stakeholders, following an already successful track record of strong ESG performance across all areas that are key for our industry, including: (i) promoting a safe, supportive and healthy workplace environment, (ii) strong engagement with communities, (iii) governing through transparency and international governance standards, and (iv) supporting biodiversity and limiting impact on climate change. We will achieve this through the continuous assessment and implementation of additional best practices in complement to the 30+ years of community support, which remain as legacy from Oxy.

Retain, incentivize and continue to recruit top talent in the industry

Following the acquisition of Oxy's operations, we became not only the operator of two landmark oil fields in Colombia, but also inherited unparalleled operational expertise and know-how from local Oxy management as approximately 500 employees stayed with us following the ownership transition, including top local management with decades-long operational experience with our assets. To complement the extensive local knowledge of this team, we brought in energy veteran Tony Hayward, former CEO of BP, current Chairman of Glencore, to act as our Executive Chairman. Our senior management is qualified and appropriately incentivized to deliver the value creation plan that Carlyle established when acquiring the assets. Our goal will be to focus management's efforts on cash generation and value creation while aligning interests with private equity-style incentives and equity ownership.

Based on the proven track record of technical competence and solid managerial execution of this team, alongside the strategic vision that Carlyle has for the Company, we believe we will continue to retain and attract top industry talent, which remains a key part of our business strategy.

Recent Developments

Global Oil Prices and COVID-19

The disagreement on production cuts between the Organization of the Petroleum Exporting Countries ("OPEC") and Russia at the beginning of March 2020, followed by the decision of Saudi Arabia to reduce its sale oil prices and increase its production to gain market share, negatively impacted the international reference prices for crude oil in 2020. Furthermore, the COVID-19 pandemic and measures put in place to slow its spread, including the imposition of quarantines and medical screenings, travel restrictions and the suspension of many economic

activities, resulted in a significant drop in the crude oil price, with Brent crude reaching a low of US$19.33 per barrel on April 21, 2020. Although demand recovered throughout the second half of the year, it did not reach pre-COVID-19 pandemic levels. This drop has affected E&P companies worldwide. In particular, many of them had to cut production in order to protect the cash flow and profitability of their operations. Recent statistics published by the MME showed that national crude oil production in Colombia decreased by 14% for the year ended December 31, 2020 compared to the previous year. Since the low Brent crude oil price in April 2020, the price of crude oil has been increasing and we expect crude oil production to follow that trend, but cannot offer any assurance with respect thereto. For example, Ecopetrol announced in February 2021 a revision to its investment program for 2021 through 2023, aiming to invest between US$12 billion and US$15 billion, targeting an up to 7.6% increase in production over the three-year period. Ecopetrol expects to invest between US$3.5 billion and US$4.0 billion in 2021, of which 80% will be deployed in Colombia. Furthermore, despite the initial negative impact of the COVID-19 pandemic, Ecopetrol exceeded its forecasted operating cash flow for 2020 by 32%.

We have taken multiple health and security measures to safeguard our operations during the COVID-19 pandemic. For example, we prioritized all operational activities, even postponing all non-critical work. We have also implemented rigorous biosafety protocols at each of our sites in an effort to protect the health of our employees and contractors, such as operational cells definition to reduce exposure and likelihood of contagion plus implementation of PCR testing prior to shift changes in the fields, and working from home for all Bogotá office employees. Furthermore, we maintain active communication with governors and mayors of the municipalities and areas in which we operate, which has allowed us to respond rapidly and implement adequate health and security measures to keep our employees safe while keeping our assets fully operational.

In terms of the financial effect of these recent developments, while our results of operations were in line with our expectations for the months of January and February 2020, the sharp decrease in oil prices in March 2020 resulted in a decrease in revenues but had only a small impact on production. The small production decrease was largely offset by operational efficiencies, a depreciation of the Colombian peso. More specifically, the Colombian Branches recorded a decrease in revenue and Adjusted EBITDAX from US$769.2 million and US$525.5 million, respectively, during the year ended December 31, 2019, to US$536.7 million and US$352.8 million, respectively, during the year ended December 31, 2020. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Year Ended December 31, 2020 Compared to Year Ended December 31, 2019*."

Our revenue, net profit and Adjusted EBITDAX was negatively impacted in the first quarter of 2021 as volumes decreased compared to the first quarter of 2020. In the first quarter of 2021, average volumes decreased by 7%, net, compared to the same period in 2020 and 7%, net, compared to the last quarter of 2020. The decrease is largely explained by a reduction in the production level of our assets in LCI due to the slow and gradual ramp-up in production from fields that were shut-in due to the sharp oil price drop. Recent statistics published by the MME showed that the national crude oil production in Colombia decreased by 14% for the first quarter of 2021 compared to the same period in 2020.

Social Unrest in Colombia

Following a new tax reform proposal in Colombia, a national strike started on April 28, 2021, with social protests called for in major cities across Colombia. Despite the proposed tax reform being withdrawn in early May, demonstrations continue as of the date of this offering memorandum and include road blocks across the country, affecting logistics and supply chains and negatively impacting several activities in the country, including crude transportation.

As of the date of this offering memorandum, our production has not been materially impacted by the current unrest since our main producing fields are directly connected to the national pipeline infrastructure. While most of our assets are currently operating normally, we have experienced some delays in the drilling of the REX NE-05 well as a result of difficulties in bringing materials and chemicals to the drilling site. We cannot guarantee that the situation in Colombia will not worsen or that the impacts of the unrest will not have a material adverse effect on our operations going forward. See "*Risk Factors—Risks Relating to Our Business—A new tax reform proposal in Colombia could affect us.*"

COG Acquisition

COG Company Overview

COG is an independent E&P company with six licenses onshore Colombia across the Llanos and Middle Magdalena basins. COG is the 100% owner and operator of all of its licenses. For the year ended December 31, 2020 COG produced 1.8 kbopd (100% oil), and as of December 31, 2020 COG had 2P reserves of 21 mmbbl (100% oil) and 2C contingent resources of 23 mmboe.

COG Acquisition Rationale

Securing growth options to replace and enhance production over time is a central part of our strategy. The COG Acquisition provides us with more near-term drillable upside opportunities and we expect to be able to accelerate development of COG's significant reserves and resources to increase production. The COG Acquisition also provides us with a new operating hub in the Central Llanos and general & administrative ("G&A") synergies and we expect the assets will be integrated quickly and efficiently with G&A savings realizable in short order.

The Transactions

We refer to (i) the consummation of the COG Acquisition, (ii) the issuance of the Notes offered hereby; (iii) the refinancing and termination of the RBL Facility, (iv) the entry into our New Credit Agreement providing for our New Revolving Credit Facility, (v) the payment of the Special Dividend, and (vi) the payment of transaction fees and expenses related to the foregoing collectively as the "Transactions." The refinancing and termination of the RBL Facility, the entry into the New Credit Agreement and the payment of the Special Dividend are each conditioned upon the closing of this offering.

COG Acquisition

On May 4, 2021, we consummated the COG Acquisition, which was our acquisition of COG and its subsidiaries in an all-share transaction for a total consideration of US$56.4 million. COG was acquired from certain funds affiliated with Carlyle (the "Seller"), which have provided no post-closing contractual indemnification for any breaches of the Seller's business representations or warranties in the related acquisition agreement.

Refinancing

We intend to use a portion of the net proceeds from this offering to repay all of the outstanding borrowings under our RBL Facility, together with all accrued and unpaid interest thereon and any related fees and expenses. As of March 31, 2021, Holdings and its subsidiaries had US$195.0 million of borrowings outstanding under the RBL Facility and unused commitments under the RBL Facility available to them of US$40.0 million (without giving effect to up to approximately US$13.5 million of letters of credit). Upon consummation of the Transactions, we will terminate the RBL Facility.

New Revolving Credit Facility

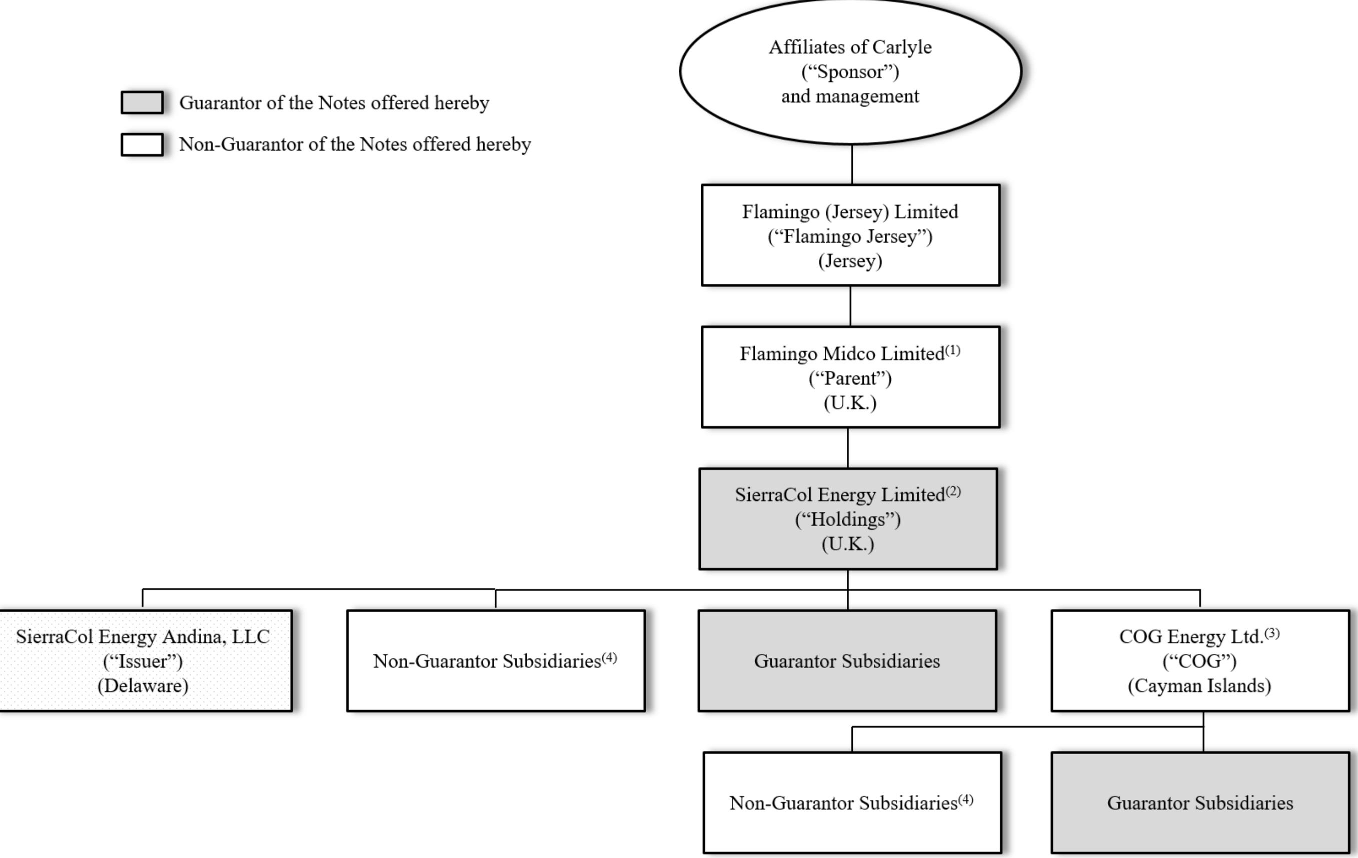
Concurrently with the closing of this offering of the Notes, Holdings will enter into the New Credit Agreement providing for the New Revolving Credit Facility. See "*Description of Our New Revolving Credit Facility*."

Special Dividend

We intend to use a portion of the net proceeds from this offering to pay a special dividend to our indirect shareholders of approximately US$350.0 million.

Corporate Structure

The following chart summarizes our corporate structure and principal indebtedness after giving effect to the Transactions as well as certain corporate reorganization steps that are anticipated shortly following the COG Acquisition.



(1) Parent will not guarantee the New Revolving Credit Facility or the Notes offered hereby. The New Revolving Credit Facility will be secured, in part, by a pledge of the equity interests of Holdings that are held by Parent.

(2) Holdings will guarantee the Notes offered hereby and is expected to be a borrower under our New Revolving Credit Facility. The New Revolving Credit Facility will be secured, in part, by a pledge of the equity interests of the Issuer that are held by Holdings. See "*Description of Our New Revolving Credit Facility*."

(3) Following the consummation of the COG Acquisition, COG Energy Ltd. and each of its subsidiaries became direct or indirect subsidiaries of Holdings and certain of such subsidiaries will guarantee the New Revolving Credit Facility and the Notes offered hereby.

(4) The Notes offered hereby, subject to local law limitations, will be jointly and severally guaranteed on a senior unsecured basis by Holdings and each of Holdings' existing and future subsidiaries, other than the Issuer, that is a borrower under or that guarantees obligations under our New Revolving Credit Facility or certain other indebtedness, subject to certain exceptions. At settlement of this offering, only SierraCol Condor and Holdings will guarantee the Notes. After the Closing Date, we intend to cause each of Occidental of Colombia PUT-36, LLC (our acquisition of which is pending ANH approval), SierraCol Energy Block LLA 39 Ltd., SierraCol Energy Block LLA 52 Ltd., SierraCol Energy Holder Ltd., Colombia Energy Development Co., Lagosur Petroleum Colombia Inc. and Swissco to guarantee the Notes when they guarantee our New Revolving Credit Facility, which we currently expect to occur within 120 days of the Closing Date. For the year ended December 31, 2020, on an as-adjusted basis after giving effect to the Transactions and assuming that such subsidiaries have become Guarantors, our non-Guarantor subsidiaries (excluding the Issuer) represented approximately 44% of our total revenues and approximately 50% of our Pro Forma Adjusted EBITDAX, primarily all of which was generated at SierraCol Arauca. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions and assuming that such subsidiaries have become Guarantors, our non-Guarantor subsidiaries (excluding the Issuer) represented approximately 17% of our total assets (excluding intercompany investments in subsidiaries) and approximately 16% of our total liabilities (including trade payables but excluding intercompany payables and receivables), primarily all of which were held at SierraCol Arauca. See "*Risk Factors—Risks Related to the Notes and Our Indebtedness—The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not required to be and do not become Guarantors*."

Our Principal Shareholder

Founded in 1987, Carlyle is a global investment firm and one of the world's largest global private equity firms with approximately US$260 billion of assets under management across 437 investment vehicles as of March 31, 2021. Carlyle invests across three segments—Global Private Equity, Global Credit and Investment Solutions—in North America, South America, Europe, the Middle East, Africa and Asia. Carlyle has expertise in various industries, including aerospace, defense & government services, consumer & retail, energy, financial services, healthcare, industrials & transportation, technology & business services and telecommunications & media. Carlyle employs over 1,800 people in 29 offices across five continents.

Carlyle's investment in SierraCol was led by CIEP, a fund managed by Carlyle that focuses on oil and gas exploration and production mid- & downstream, refining and marketing and oil field services in Europe, Africa, Latin America and Asia. The CIEP team focuses on transactions where it has a distinctive competitive advantage and can help create tangible value for companies in which it invests, through industry specialization, deployment of human capital and access to Carlyle's global network. Carlyle's stake in SierraCol amounts to approximately 99.14% of our total share capital, with remainder being owned by management.

Company Information

SierraCol Energy Andina, LLC, is a Delaware limited liability company. Our principal executive offices are located at Calle 77A #11-32, Bogotá, Colombia and our phone number is +57 1 345 41 55. Information about certain of our products can be found at www.sierracolenergy.com. Information on, or accessible through, our website is not part of this offering memorandum, nor is such content incorporated by reference herein. You should rely only on the information contained in this offering memorandum when making a decision as to whether to invest in the Notes.

THE OFFERING

The Notes will be governed by the Indenture. The following summary contains basic information about the Notes and the guarantees thereof and is not intended to be complete. For a more complete understanding of the Notes and the guarantees thereof, please refer to the section entitled "Description of the Notes" in this offering memorandum. In this summary, unless the context otherwise requires, the terms "we," "us" and "our" each refer to Holdings, and not to any of its subsidiaries. Certain descriptions in this offering memorandum of provisions of the Indenture are summaries of such provisions and are qualified herein by reference to the Indenture.

Issuer .... SierraCol Energy Andina, LLC, a Delaware limited liability company.

Securities Offered .... US$600,000,000 aggregate principal amount of 6.000% Senior Notes due 2028.

Maturity Date... June 15, 2028

Interest Rate... 6.000% *per annum*, payable semi-annually in arrears on June 15 and December 15 of each year, commencing December 15, 2021. Interest on the Notes will accrue from and including June 22, 2021.

Guarantees .... The Notes offered hereby, subject to local law limitations, will be jointly and severally guaranteed on a senior unsecured basis by Holdings and each of Holdings' existing and future subsidiaries, other than the Issuer, that is a borrower under or that guarantees obligations under our New Revolving Credit Facility or certain other indebtedness, subject to certain exceptions. Under certain circumstances, the Guarantors may be released from their guarantees without the consent of the holders of the Notes. At settlement of this offering, only SierraCol Condor and Holdings will guarantee the Notes. After the Closing Date, we intend to cause each of Occidental of Colombia PUT-36, LLC (our acquisition of which is pending ANH approval), SierraCol Energy Block LLA 39 Ltd., SierraCol Energy Block LLA 52 Ltd., SierraCol Energy Holder Ltd., Colombia Energy Development Co., Lagosur Petroleum Colombia Inc. and Swissco to guarantee the Notes when they guarantee our New Revolving Credit Facility, which we currently expect to occur within 120 days of the Closing Date. See "*Certain Insolvency Law Considerations and Enforcement Limitations*" and "*Description of the Notes—Note Guarantees*."

For the year ended December 31, 2020, on an as-adjusted basis after giving effect to the Transactions and assuming that such subsidiaries have become Guarantors, our non-Guarantor subsidiaries (excluding the Issuer) represented:

- approximately 44% of our total revenues; and
- approximately 50% of our Pro Forma Adjusted EBITDAX

in each case, primarily all of which were held at SierraCol Arauca.

As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions and assuming that such subsidiaries have become Guarantors, our non-Guarantor subsidiaries (excluding the Issuer) represented:

- approximately 17% of our total assets (excluding intercompany investments in subsidiaries); and

- approximately 16% of our total liabilities (including trade payables but excluding intercompany payables and receivables)

in each case, primarily all of which were held at SierraCol Arauca.

See "*Risk Factors—Risks Related to the Notes and Our Indebtedness—The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not required to be and do not become Guarantors*."

Ranking.. The Notes and the related guarantees will be general, senior unsecured obligations of the Issuer and the Guarantors, and will:

- rank contractually senior in right of payment to all of the Issuer's and the Guarantors' subordinated indebtedness;
- rank equally in right of payment with all of the Issuer's and the Guarantors' senior indebtedness, including our New Revolving Credit Facility, without giving effect to collateral arrangements;
- be effectively subordinated to any of the Issuer's and the Guarantors' secured indebtedness, including the New Revolving Credit Facility, to the extent of the value of the assets securing such indebtedness; and
- be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that are not Guarantors.

As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions:

- Holdings and its subsidiaries would have had total indebtedness of approximately US$600.0 million (without giving effect to unamortized discount and deferred financing costs), which represents the issuance of the Notes;
- Holdings and its subsidiaries would have had unused commitments under the New Revolving Credit Facility available to us of US$80.0 million (without giving effect to up to approximately US$13.5 million of letters of credit expected to be outstanding on the Closing Date); and
- our non-Guarantor subsidiaries (excluding the Issuer) would have represented approximately 16% of our total liabilities (including trade payables but excluding intercompany payables and receivables), primarily all of which were held at SierraCol Arauca, all of which would have been structurally senior to the Notes.

See "*Risk Factors—Risks Related to the Notes and Our Indebtedness—The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not required to be and do not become Guarantors*."

Optional Redemption............................. The Notes will be redeemable at the Issuer's option, in whole or in part, at any time on or after June 15, 2024 at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

At any time prior to June 15, 2024, the Issuer may also redeem up to 40% of the aggregate principal amount of the Notes using the proceeds of certain equity offerings, at a redemption price of 106.000 % of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date.

In addition, at any time prior to June 15, 2024, the Issuer may redeem some or all of the Notes at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the redemption date, plus a "make-whole" premium.

In connection with any offer to purchase all or any of the Notes (including a change of control offer and any tender offer), if holders of no less than 90% of the aggregate principal amount of Notes validly tender their Notes, the Issuer is entitled to redeem any remaining Notes at the price offered to each holder.

See "*Description of the Notes—Optional Redemption*."

Optional Redemption for
Tax Reasons... In the event of certain developments affecting taxation, the Issuer may redeem the Notes in whole, but not in part, at any time upon giving prior notice, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and additional amounts, if any, to, but not including, the redemption date. See "*Description of the Notes—Redemption for Changes in Taxes*."

Change of Control Offer........................ Upon the occurrence of specific kinds of changes in control, subject to certain exceptions, you will have the right, as holders of the Notes, to cause the Issuer to repurchase some or all of your Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the repurchase date. However, a change of control offer will not be required if a change of control is a "Specified Change of Control Event." See "*Description of the Notes—Repurchase at the Option of Holders—Change of Control Triggering Event*" and "*Description of the Notes—Certain Definitions—Change of Control Triggering Event*." We may not, however, be able to pay you the required price for Notes you present to us at the time of a change of control because:

- the Issuer may not have enough funds at that time; or
- the terms of the New Credit Agreement or other debt facilities may prevent us from making such payment.

See "*Risk Factors—Risks Related to the Notes and Our Indebtedness—We may not be able to repurchase the Notes upon a change of control*."

Asset Sale Offer..................................... If Holdings or any of its restricted subsidiaries sell assets, under certain circumstances, the Issuer will be required to use the net proceeds to make an offer to purchase the Notes at an offer price in cash in an amount equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest,

if any, to, but not including, the repurchase date. See "*Description of the Notes— Repurchase at the Option of Holders —Asset Sales*."

Covenants .... The Indenture will, among other things, limit the ability of the Holdings and its restricted subsidiaries to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, our capital stock or share capital;
- prepay, redeem or repurchase certain indebtedness;
- issue certain preferred stock or similar equity securities;
- make loans and investments;
- sell assets;
- incur liens;
- enter into agreements containing prohibitions affecting our subsidiaries' ability to pay dividends;
- enter into transactions with affiliates; and
- consolidate, amalgamate, merge or sell all or substantially all of our assets.

These covenants will be subject to a number of important exceptions and qualifications. For more details, see "*Description of the Notes*."

Certain covenants will cease to apply to the Notes for so long as the Notes have investment grade ratings from any two of Fitch Ratings, Inc. ("Fitch"), Moody's Investor's Services, Inc. ("Moody's") and S&P Global Ratings ("S&P") and so long as no default or event of default under the Indenture has occurred and is continuing.

Form and Denomination .... The Issuer will issue the Notes in minimum denominations of US$200,000 and any integral multiple of US$1,000 in excess thereof, maintained in book-entry form. Notes in denominations of less than US$200,000 will not be available.

Transfer Restrictions.............................. The Notes and the related guarantees have not been, and will not be, registered under U.S. federal or state or any foreign securities laws. The Notes are subject to restrictions on transferability and resale. We do not intend to issue registered notes under the U.S. Securities Act or any state or other securities laws in exchange for the Notes to be privately placed in this offering and the absence of registration rights may adversely impact the transferability of the Notes. For more information, see "*Transfer Restrictions*."

Absence of Public Market for the Notes .... The Notes are a new issue of securities and there is currently no established trading market for the Notes. The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so, and any market making with respect to the Notes may be

	discontinued without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the Notes.
Listing	Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.
Trustee, Paying Agent, Registrar and Transfer Agent	Deutsche Bank Trust Company Americas.
Listing Agent	Carey Olsen Corporate Finance Limited.
Use of Proceeds	We intend to use the net proceeds from this offering, together with cash on hand, to fund the refinancing of our RBL Facility, to pay the Special Dividend and to pay related transaction fees and expenses, with the remainder to be used for general corporate purposes. See "*Use of Proceeds*."
Additional Amounts	All payments made by or on behalf of the Issuer under or with respect to the Notes or by any of the Guarantors with respect to any guarantee will be made without withholding or deduction for taxes unless required by law. If the Issuer or any Guarantor is required by law to withhold or deduct for taxes imposed by any relevant taxing jurisdiction with respect to a payment to the holders of Notes, the Issuer or such Guarantor, as applicable, will pay the additional amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is equal to the amount that they would have received in the absence of the withholding or deduction, subject to certain exceptions (including an exception for certain holders that are not exempt from United States withholding tax under the law in effect on the date hereof). See "*Description of the Notes—Additional Amounts*."
Risk Factors	Investing in the Notes involves substantial risks. You should carefully consider all of the information in this offering memorandum. In particular, for a discussion of some specific factors that you should consider before buying the Notes, see "*Risk Factors*."

SUMMARY HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following table sets forth our summary historical financial information for the periods and dates indicated. Our historical financial information represents the combined financial results of the Colombian Branches. See "*Presentation of Financial and Other Information—Historical Financial Statements of the Company*."

The summary historical financial information as of December 31, 2020 and 2019, for each of the years ended December 31, 2020 and 2019, as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 have been prepared in accordance with IFRS Colombia. IFRS Colombia differs in certain respects from IFRS IASB. See "*Presentation of Financial and Other Information—Historical Financial Statements of the Company*." The statement of financial position data as of December 31, 2020 and 2019 and the statements of profit or loss and other comprehensive income and cash flow data for each of the years ended December 31, 2020 and 2019 have been derived from our audited Combined Financial Statements included elsewhere in this offering memorandum. The summary historical financial information as of March 31, 2021 and for the three months ended March 31, 2021 and 2020 were derived from our interim unaudited Combined Financial Statements included elsewhere in this offering memorandum.

Our historical financial information is not necessarily indicative of our future performance. You should read the information contained in this table in conjunction with "*Risk Factors*," "*—The Transactions*," "*Capitalization*," "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Combined Financial Statements and related notes included elsewhere in this offering memorandum, as well as the other financial information included in this offering memorandum.

Statements of Profits or Loss and Other Comprehensive Income Data

	Year Ended December 31,		**Three Months Ended March 31,**	
	2020	**2019**	**2021**	**2020**
	(US$ in millions)			
Operating activities				
Revenue	536.7	769.2	168.8	164.4
Cost of sales	(430.4)	(428.3)	(92.3)	(101.6)
Gross profit	106.3	340.9	76.5	62.7
Other income	5.8	0.7	0.5	1.4
Administrative expenses	(37.0)	(48.4)	(9.5)	(10.2)
Other expenses	(2.3)	(3.8)	(0.2)	(0.7)
Operating income	72.8	289.4	67.4	53.2
Financial income	4.0	4.5	0.0	1.1
Financial expenses	(2.3)	(3.4)	(0.6)	(0.9)
Foreign exchange income (loss)	7.7	(4.4)	8.5	26.9
Net profit before tax	82.1	286.1	75.3	80.4
Income tax expense	(46.4)	(117.1)	(49.4)	(35.2)
Net profit	35.7	169.0	25.9	45.2
Other comprehensive income (loss)				
Gain (loss) attributable to the defined benefit plans	2.2	(2.9)	—	—
Income tax attributable to actuarial gains	(0.7)	1.0	—	—
Other comprehensive income (loss), net	1.5	(1.9)	—	—
Comprehensive income	37.2	167.1	25.9	45.2

Statement of Financial Position Data

	As of December 31,		As of March 31,
	2020	2019	2021
	(US$ in millions)		
Cash and cash equivalents[(1)]	4.2	38.4	6.3
Property, plant and equipment	1,286.0	1,473.0	1,260.1
Total assets	1,445.2	1,715.1	1,424.0
Total indebtedness[(2)]	—	—	—
Total liabilities	491.3	534.4	491.7
Net Parent Investment	953.9	1,180.7	932.3

Cash Flow Data

	Year Ended December 31,		Three Months Ended March 31,	
	2020	2019	2021	2020
	(US$ in millions)			
Cash Flow Data:				
Net cash provided by (used in):				
Operating activities	291.5	342.8	67.6	123.8
Investing activities	(50.3)	(207.7)	(16.5)	(30.8)
Financing activities	(275.4)	(115.0)	(48.9)	(111.9)
Capital expenditures[(3)]:				
Maintenance capital expenditure[(4)]	16.9	50.9	2.9	5.0
Development capital expenditure[(5)]	32.9	143.7	12.5	23.9
Total capital expenditure	49.7	194.6	15.3	28.9

Other Financial and Operating Data

	Year Ended December 31,		Three Months Ended March 31,	
	2020	2019	2021	2020
	(US$ in millions)			
Production (kbopd)[(6)]	38.0	39.0	36.0	38.0
Adjusted EBITDAX[(7)]	US$ 352.8	US$ 525.5	US$ 124.7	US$ 115.1
Pro Forma Adjusted EBITDAX[(7)]	362.9	555.5	129.0	121.9
Free Cash Flow[(8)]	287.0	138.2	12.8	116.0
Adjusted Capital Expenditure[(9)]	45.3	158.9	15.4	26.7
of which development[(5)]	31.9	121.2	12.6	23.1
of which maintenance[(4)]	13.4	37.8	2.7	3.6

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(1) Does not include cash and cash equivalents held on the balance sheets of Holdings or COG. See "Capitalization."

(2) Total indebtedness does not include US$195.0 million of borrowings outstanding of Holdings under the RBL Facility. See "Capitalization."

(3) Defined as the additions and transfers in cost of buildings, equipments, spare parts and materials oil projects, vehicles, office equipment, computers and communication equipment, oil pipeline and development assets over the relevant period.

(4) 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.

(5) 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 connecting additional wells that access new reserves, major increases in recovery rates from reservoirs, and new fields.

(6) Production consists of net entitlement production net of royalties for SierraCol and COG stated in thousands of barrels of oil produced per day.

(7) Adjusted EBITDAX as presented is comprehensive income or loss adjusted for financial income and financial expenses, depreciation, depletion and amortization, impairment of property, plant and equipment and inventory, income tax expense, exploration and seismic

expenses and dry hole cost, foreign exchange income or loss and other non-cash items including excluding other comprehensive income and other adjustments relating to differences in the recognition of revenues and costs which are excluded in order to represent the earnings on a cash basis. The impact on net profit from the Teca license has been excluded as its operations are currently limited to care and maintenance. Pro Forma Adjusted EBITDAX consists of Adjusted EBITDAX adjusted to include the estimated contribution to Adjusted EBITDAX of COG. These non-IFRS measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS measures are not measurements of our performance or liquidity under IFRS and should not be considered as alternatives to operating profit or profit from continuing operations or any other performance measures derived in accordance with IFRS or as alternatives to cash flow from operating, investing or financing activities.

Management uses these measures to calculate operating performance in presentations to the Company's board of directors and as a basis for strategic planning and forecasting, as well as monitoring certain aspects of our cash flow and liquidity. Management believes Pro Forma Adjusted EBITDAX represents a useful metric for investors to assess the operating performance and liquidity trends of the Company in light of the COG Acquisition. Also, we present these non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance.

The following table reconciles comprehensive income to Adjusted EBITDAX and Pro Forma Adjusted EBITDAX for the periods presented:

	Year Ended December 31,		**Three Months Ended March 31,**	
	2020	**2019**	**2021**	**2020**
	(US$ in millions)			
Comprehensive income	37.2	167.1	25.9	45.2
Financial income and financial expenses	(1.7)	(1.2)	0.6	(0.2)
Depreciation, depletion and amortization	200.0	212.4	42.4	54.6
Impairment of property, plant and equipment	67.6	2.2	—	—
Impairment of inventory	—	—	0.2	0.1
Income tax expense	46.4	117.1	49.4	35.2
Exploration and seismic expenses and dry hole cost	4.3	29.6	2.9	1.3
Foreign exchange income (loss)	(7.7)	4.4	(8.5)	(26.9)
Other non-cash items [(a)]	0.1	(10.3)	11.7	4.5
Teca[(b)]	6.6	4.2	0.1	1.4
Adjusted EBITDAX	352.8	525.5	124.7	115.1
COG Acquisition[(c)]	10.1	30.0	4.3	6.8
Pro Forma Adjusted EBITDAX	362.9	555.5	129.0	121.9

(a) Other non-cash items include other comprehensive income and other adjustments relating to differences in the recognition of revenues and costs in order to represent the earnings on a cash basis.

(b) The impact on net profit from the Teca license has been excluded as its operations are currently limited to care and maintenance.

(c) Represents the estimated contribution to Adjusted EBITDAX from COG.

(8) The following table reconciles comprehensive income to Free Cash Flow for the periods presented:

	Year Ended December 31,		**Three Months Ended March 31,**	
	2020	**2019**	**2021**	**2020**
	(US$ in millions)			
Comprehensive income	37.2	167.1	25.9	45.2
Financial income and financial expenses	(1.7)	(1.2)	0.6	(0.2)
Depreciation, depletion and amortization	200.0	212.4	42.4	54.6
Impairment of property, plant and equipment	67.6	2.2	—	—
Impairment of inventory	—	—	0.2	0.1
Income tax expense	46.4	117.1	49.4	35.2
Exploration and seismic expenses and dry hole cost	4.3	29.6	2.9	1.3
Foreign exchange income (loss)	(7.7)	4.4	(8.5)	(26.9)
Other non-cash items[(a)]	0.1	(10.3)	11.7	4.5
Teca[(a)]	6.6	4.2	0.1	1.4
Adjusted EBITDAX	352.8	525.5	124.7	115.1
Exploration[(b)]	(4.0)	(29.5)	(3.0)	0.0
Tax payments [(c)]	(65.1)	(162.3)	(34.9)	(31.9)
Cash capital expenditures	(49.1)	(156.4)	(16.4)	(25.1)
Decommissioning funding[(d)]	(2.2)	(1.9)	—	—
Change in working capital[(e)]	54.6	(37.2)	(57.6)	57.9
Free Cash Flow	287.0	138.2	12.8	116.0

(a) For a description of these line items, see footnote (4) above.

(b) Represents cash expenditures relating to exploration activity.

(c) Represents cash tax expenses.

(d) Represents cash funding obligations with respect to decommissioning activity.

(e) Represents the cash flow impact of changes in net working capital.

(9) Adjusted Capital Expenditure consists of net cash used in investing activities adjusted to remove the impact of exploration drilling and dry hole expenses and certain other items, including excluding activities from the Teca license.

The following table reconciles net cash used in investing activities to Adjusted Capital Expenditure for the periods presented:

	Year Ended December 31,		Three Months Ended March 31,	
	2020	2019	2021	2020
	(US$ in millions)			
Net cash used in investing activities	50.3	207.7	16.5	30.8
Putumayo acquisition[a]	—	(19.1)	—	—
Exploration [b]	(0.4)	1.1	(0.4)	(0.1)
Other assets[c]	(0.2)	4.9	(0.8)	(1.8)
Capital Expenditure[d]	49.7	194.6	15.3	28.9
Excluding Teca[e]	(4.5)	(35.7)	0.0	(2.2)
Adjusted Capital Expenditure	45.3	158.9	15.4	26.7

(a) Represents the acquisition of Putumayo basin licenses from GeoPark during the year ended December 31, 2019.

(b) Represents the contribution of exploration activity in net cash used in investing activities.

(c) Other assets include the effect of IFRS16 regarding leases and investments related to separation costs from Oxy.

(d) For a description of Capital Expenditure, see footnote (3) above.

(e) Contribution of the Teca license from net cash used in investing activities excluded as its operations are currently limited to care and maintenance.

SUMMARY RESERVES, RESOURCES AND PRODUCTION

In this offering memorandum, references to our reserve and resources volumes have been classified in accordance with SPE's PRMS. In this offering memorandum, "1P reserves," or "proved reserves," are those quantities of petroleum, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. "2P reserves," or "proved plus probable reserves," are "1P reserves" or "proved reserves" plus those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than 1P reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the estimated 2P reserves. In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P reserves estimate. Certain 2C resources estimates presented in this offering memorandum are derived from management estimates.

Estimated reserves presented herein may differ from estimates made in accordance with guidelines and definitions used by other companies in the industry or by the SEC. The 1P and 2P reserves estimates presented in this offering memorandum for (i) our La Cira Infantas, Cravo Norte, Chipirón, Rondón and Cosecha assets are derived from the D&M Report, (ii) COG's Rio Verde, Alcaravan and Los Hatos assets are derived from the RPS Report, (iii) COG's Bolivar asset is derived from the Beicip Report and (iv) COG's Llanos 23 asset is derived from the McDaniel Report. The Reserve Engineers were engaged to estimate assets representing 100% of our total 1P and 100% of our total 2P reserves. The 2C resources presented in this offering memorandum with respect to the Bolivar license are derived from the Beicip Report. See "*Presentation of Financial and Other Information—Certain Reserves, Contingent Resources and Production Information*." For risks inherent with reserve estimates, see "*Risk Factors—Risks Relating to Our Business—The level, quality and production volumes of our oil and natural gas reserves may be inaccurate and our actual reserves and resources may be lower than estimated*."

Reserves and Resources

The following table sets forth our estimated 1P and 2P reserves and 2C resources by asset license as of December 31, 2020:

		1P Reserves (mmbbl)		2P Reserves (mmbbl)		2C Resources (mmboe)
License	**Working Interest**	**Gross**	**Net**	**Gross**	**Net**	**Gross**
Cravo Norte[(1)]	45%	12	10	14	12	9
Chipirón[(1)]	70%	3	2	4	3	2
Rondón[(1)]	50%	2	2	2	2	4
Cosecha[(1)]	70%	11	10	17	15	3
Caño Limón Area Sub-Total		**28**	**24**	**36**	**32**	**18**
La Cira Infantas	48%	57	51	69	62	74
Rio Verde	100%	6	5	11	10	-
Alcaravan	100%	2	2	3	3	-
Los Hatos	100%	1	1	1	1	-
Llanos 23	100%	3	3	5	4	-
Bolivar	100%	2	2	5	4	23
TOTAL		**99**	**88**	**129**	**116**	**115**

(1) Our Cravo Norte, Chipirón, Rondón and Cosecha licenses are collectively referred to as the "Caño Limón area" throughout this offering memorandum. The 1P and 2P "Gross" amounts presented above for the Caño Limón area are derived from the "Company Gross" amounts presented in the D&M Report.

Production

The following table details our production for each of the years ended December 31, 2020 and 2019 and includes production of COG as if the COG Acquisition had occurred on December 31, 2018:

License	Working Interest	2019 Production (kbopd)		2020 Production (kbopd)	
		Gross	**Net**	**Gross**	**Net**
Cravo Norte[(1)]	45%	9.5	7.7	9.3	7.5
Chipirón[(1)]	70%	3.9	3.6	2.8	2.6
Rondón[(1)]	50%	3.4	3.1	2.6	2.4
Cosecha[(1)]	70%	7.4	6.8	10.8	9.9
Caño Limón Area Sub-Total		**24.2**	**21.2**	**25.5**	**22.4**
La Cira Infantas	48%	16.4	14.7	15.2	13.8
Rio Verde	100%	1.8	1.7	1.3	1.2
Alcaravan	100%	1.4	1.3	0.6	0.6
Los Hatos	100%	-	-	-	-
Llanos 23	100%	-	-	-	-
Bolivar	100%	-	-	-	-
TOTAL		**43.8**	**38.9**	**42.8**	**38.0**

(1) Our Cravo Norte, Chipirón, Rondón and Cosecha licenses are collectively referred to as the "Caño Limón area" throughout this offering memorandum.

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in this offering memorandum before deciding whether to purchase the Notes. The risks and uncertainties described below are not the only risks and uncertainties that we face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also impair our business operations. If any of those risks actually occur, our business, financial condition and results of operations would suffer. The risks discussed below also contain forward-looking statements, and our actual results may differ materially from those discussed in these forward-looking statements. See "Forward-Looking Statements."

Risks Relating to Our Business

Prices and markets for oil are unpredictable and tend to fluctuate significantly, which could cause temporary suspension of production and reduce our value.

Substantially all of our revenues are derived from the sale of oil. The prices that we receive for our oil production heavily influence our revenues, profitability, access to capital and growth rate. Historically, the markets for oil have been volatile and prices have fluctuated widely in recent years and may continue to do so.

The prices that we will receive for our production and the levels of our production are unstable and depend on numerous factors beyond our control. These factors include, but are not limited, to the following:

- global economic conditions;
- changes in global supply and demand for oil;
- the actions of the Organization of the Petroleum Exporting Countries ("OPEC");
- political and economic conditions, including embargoes, in oil-producing countries or affecting other countries;
- the level of oil-producing activities, particularly in the Middle East, Africa, Russia, South America and the United States;
- the level of global oil exploration and production activity;
- the level of global oil inventories;
- weather conditions and other natural disasters;
- technological advances affecting energy production or consumption;
- domestic and foreign governmental laws and regulations, including environmental, health and safety laws and regulations;
- proximity and capacity of oil pipelines and other transportation facilities;
- the price and availability of competitors' supplies of oil in captive market areas;
- quality discounts for oil production;
- taxes and royalties under relevant laws and the terms of our contracts;
- currency exchange fluctuations;
- conflicts, political instability and the threat of terrorism from which some producing areas suffer;
- our ability to enter into oil sales contracts at fixed prices; and

- the price and availability of alternative fuels.

During 2020, global oil prices declined to historic lows due to a dispute between major oil producing countries combined with the impact of the shutdown in the world economy to mitigate the impact of the COVID-19 pandemic. We expect that prices in the near term will continue to be influenced by the duration and severity of the COVID-19 pandemic and its resulting impact on oil demand. Furthermore, prices that we receive for our oil sales, while based on international oil prices, are established by contracts with purchasers and include the deductions for transportation and quality differentials. The differentials and transportation costs can change over time and have a detrimental impact on realized prices.

Future oil price levels are uncertain. Lower oil prices may impact our revenues on a per unit basis and may also reduce the amount of oil that can be produced economically. In addition, changes in oil prices can impact the valuation of our reserves and, in periods of lower commodity prices, may require us to curtail production and capital spending or may defer or delay drilling wells because of lower cash generation. Lower oil prices could also affect our growth, including future acquisitions. A substantial or extended decline in oil prices could adversely affect our business, financial condition and results of operations. A period of sustained low prices may have a material adverse effect on our financial condition, the future results of our operations (including rendering existing projects unprofitable or requiring temporary suspension of fields), financing available to us, and quantities of reserves recoverable on an economic basis.

We may be adversely affected by global pandemics, including the ongoing COVID-19 pandemic.

The outbreak of the COVID-19 virus, which was declared a pandemic by the World Health Organization, has spread across the globe and impacted worldwide economic activity since early 2020. Governments worldwide, including those in Colombia, the country where we operate, enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the long-term success of these interventions is not currently determinable. In addition, global commodity prices declined significantly in 2020 due to the dramatic decline in demand for oil, coupled with oversupply in the midst of a dispute between OPEC and other major oil producing countries.

Despite the recent improvement in oil prices, this challenging economic climate has had and may in the future have significant adverse impacts on our Company including, but not exclusively:

- material declines in revenue and cash flows as a result of the decline in commodity prices;
- declines in revenue and operating activities due to reduced capital programs and the shut-in of production;
- increased risk of non-performance or claims of force majeure by our customers and suppliers; and
- interruptions in operations as we adjust personnel to the dynamic environment.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our Company is not fully known at this time. Estimates and judgments made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period. The pandemic and resulting worldwide economic downturn could create risks we have not identified or amplify the impact of other risks we have identified.

The level, quality and production volumes of our oil and natural gas reserves may be inaccurate and our actual reserves and resources may be lower than estimated.

The reserves and resources set forth in this offering memorandum represent estimates only. The standards utilized to prepare the reserves and resources information that has been extracted in this offering memorandum may be different from the standards of reporting adopted in other jurisdictions. Investors, therefore, should not assume that the data found in the reserves and resources information set forth in this offering memorandum is directly

comparable to similar information that has been prepared in accordance with the reserve reporting standards of other jurisdictions.

Our financial projections and capital expenditure plans are based on estimates of oil and natural gas reserves, which are prepared using various assumptions. Some of these assumptions are inherently subjective, and the accuracy of our reserve estimates relies in part on the ability of our management team, engineers and other advisors to make accurate assumptions, including as to the following:

- geological and engineering estimates (which have inherent uncertainties);
- historical production from the properties;
- the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs;
- production history compared with production from other comparable producing areas;
- quality and quantity of available data;
- interpretation of the available geological and geophysical data;
- effects of regulations adopted by governmental agencies;
- future percentages of international sales;
- future oil and gas prices;
- capital investments;
- renewals of licenses beyond their stated expiry dates;
- effectiveness of the applied technologies and equipment;
- future operating costs, tax on the extraction of commercial minerals, development costs and workover and remedial costs; and
- the judgment of the persons preparing the estimate.

As all reserve and resources estimates are subjective, our reserves estimates are inherently imprecise and each of the following items may differ materially from those assumed in estimating reserves and resources:

- the quantities and qualities that are ultimately recovered;
- the timing of the recovery of oil and gas reserves;
- the production and operating costs incurred;
- the amount and timing of additional exploration and future development expenditures; and
- future hydrocarbon sales prices.

Wells that are drilled may not achieve the results expected and development of undeveloped reserves may take longer and require higher levels of capital expenditures than we currently anticipate. Economic factors beyond our control, such as world oil prices, interest rates, inflation, and exchange rates, will also impact the quantity and value of our reserves. If the assumptions upon which the estimates of our oil and gas reserves and resources have been based prove to be incorrect or if the actual reserves available to us are otherwise less than the current estimates or of lesser quality than expected, we may be unable to recover and produce the estimated levels or quality of oil and gas, which may materially and adversely affect our business, prospects, financial condition and results of operations.

The process of estimating oil and gas reserves is complex, and requires us to use significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each property and involves assumption that are outside of our control and therefore may prove to be inaccurate over time. All categories of reserves are continually subject to revisions based on production history, results of additional exploration and development, price changes and other factors. When producing an estimate of the amount of oil that is recoverable from a particular reservoir, probable reserves are those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. Possible reserves are even less certain and generally require only a 10% or greater probability of being recovered. Estimates of probable and possible reserves are, by their nature, much more speculative than estimates of proved reserves and are subject to greater uncertainties, and accordingly the likelihood of recovering those reserves is subject to substantially greater risk.

Evaluations of reserves and resources necessarily involve multiple uncertainties. Actual future production, oil and gas prices, revenues, taxes, exploration and development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from those we estimate. Such changes could materially reduce our revenues and result in the impairment of our oil and natural gas interests.

We sell nearly all of our crude oil production to a single customer and, as a result, are exposed to the credit risks of such customer and any material non-payment or non-performance could adversely affect our cash flow and results of operations.

Currently, nearly all of our crude oil production is sold under offtake contracts with Ecopetrol, the Colombian national oil company, and sales to Ecopterol represented substantially all of our total revenues for the year ended December 31, 2020. These offtake contracts have fixed terms, and while we have been able to extend these contracts previously, any further extension would be subject to Ecopetrol agreement, which is outside of our control. If Ecopetrol were to fail to pay amounts owed to us under these offtake contracts, or such arrangements were terminated or agreement to extend the term of contracts could not be reached, we would be forced to sell to other traders at a price that is likely lower than would have been obtained from Ecopetrol pursuant to such contracts, which may result in an adverse effect on our revenues, financial condition and results of operations. Similarly, nearly all of COG's production is sold to one customer.

The COVID-19 pandemic is currently having an indeterminable adverse impact on the world economy and numerous worldwide effects on general commercial activity. There is ongoing uncertainty as to the lasting effect of the COVID-19 pandemic and its impact on our contractual arrangements cannot be determined.

Unless we are able to replace our reserves and production and develop and manage oil reserves and production on an economically viable basis, our financial condition and results of operations will be adversely impacted.

Our future success depends on our ability to find, develop and acquire additional oil reserves that are economically recoverable. Producing oil reservoirs generally are characterized by declining production rates that vary depending upon reservoir characteristics and other factors. Our future oil reserves and production, and therefore our cash flow and results of operations, are highly dependent on our success in efficiently developing and exploiting our current reserves and economically finding or acquiring additional recoverable reserves. The value of our securities and our ability to raise capital will be adversely impacted if we are not able to replace our reserves that are depleted by production. We may not be able to develop, exploit, find or acquire sufficient additional reserves to replace our current and future production.

Oil exploration and production activities are capital intensive and inherently uncertain in their outcome. Significant expenditure is required to establish the extent of oil reserves through seismic and other surveys and drilling and there can be no certainty that further commercial quantities of oil will be discovered or acquired by us. Any oil appraisal, exploration and development projects may therefore involve unprofitable efforts, either from dry wells or from wells that are productive but do not produce sufficient net revenues to return a profit after development, operating and other costs. Few prospects that are explored are ultimately developed into producing oil fields.

Exploration, development and production costs (including operating and transportation costs), marketing costs (including distribution costs) and regulatory compliance costs (including taxes) will substantially impact the

net revenues we derive from the oil that we produce. These costs are subject to fluctuations and variations in the areas in which we operate, and we may not be able to predict or control these costs. If these costs exceed our expectations, this may adversely affect our results of operations.

Our future reserves will depend not only on our ability to develop and effectively manage then-existing properties, but also on our ability to identify and acquire additional suitable producing properties or prospects, to identify and retain responsible service providers and contractors to efficiently drill and complete our wells and to find markets for the oil we develop and to effectively distribute our production into our markets.

Exploration for oil, and development of new formations, is risky and subject to operational hazards and unforeseen interruptions, including drilling, exploration and production risks and hazards that may affect our ability to produce oil at expected levels, quality and costs.

Oil exploration involves a high degree of operational and financial risk beyond our control including the risk that exploration activities will not identify commercially viable quantities of oil or may become uneconomic as a result of an increase in our operating costs or as a result of a decrease in market prices for oil. These risks are more acute in the early stages of exploration, appraisal and development. Future oil exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

Oil exploration, development and production operations are subject to the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. Such risks and hazards could result in substantial damage to oil wells, production facilities, other property or the environment, as well as personal injury to our employees, contractors or members of the public. Although we maintain well control and liability insurance in an amount that we consider prudent and consistent with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, we could incur significant costs.

Furthermore, the marketability of any oil production from our projects may be affected by numerous factors beyond our control. These factors include, but are not limited to, proximity and capacity of pipelines and other means of transportation, the availability of upgrading and processing facilities, equipment availability and government laws and regulations (including, without limitation, laws and regulations relating to prices, sale restrictions, taxes, governmental stake, allowable production, importing and exporting of oil, environmental protection and health and safety). The effect of these factors, individually or jointly, cannot be accurately predicted, but may have a material adverse effect on our business, financial condition and results of operations.

These risks may have a material adverse effect on our business, financial condition, results of operations and prospects.

The present value of future net revenues from our proved reserves will not necessarily be the same as the current market value of our estimated oil and natural gas reserves.

You should not assume that the present value of future net revenues from our proved reserves is the current market value of our estimated oil and natural gas reserves. For purposes of the estimates of reserves and resources presented in this offering memorandum that were derived from the Reserve Reports, the Reserve Engineers utilized a consensus oil price deck of $61/bbl, $62/bbl, $63/bbl, $62/bbl and $62/bbl for 2021-2025 and then inflated at 2.0% per annum thereafter. Actual future net revenues from our oil and natural gas properties will be affected by factors such as:

- actual prices we receive for oil and natural gas;
- actual cost of development and production expenditures;
- the amount and timing of actual production; and
- changes in governmental regulations, taxation or the taxation invariability provisions in our agreements.

The timing of both our production and our incurrence of expenses in connection with the development and production of oil and natural gas properties will affect the timing and amount of actual future net revenues from proved reserves, and thus their actual value. In addition, the 10% discount factor we use when calculating discounted future net revenues may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with us or the oil and natural gas industry in general.

Decommissioning costs are unknown and may be substantial; unplanned costs could divert resources from other projects.

We may become responsible for costs associated with abandoning and reclaiming wells and facilities that we use for production of oil and gas reserves. Abandonment and reclamation of these facilities and the costs associated therewith is often referred to as "decommissioning." If decommissioning is required before economic depletion of our properties or if our estimates of the costs of decommissioning exceed the value of the reserves remaining at any particular time to cover such decommissioning costs, we may have to draw on funds from other sources to satisfy such costs. The use of other funds to satisfy such decommissioning costs could impair our ability to focus capital in other areas of our business.

Our inability to access needed equipment and infrastructure in a timely manner may hinder our access to oil markets and generate significant incremental costs or delays in our oil production.

We rely on third parties to provide materials and services in conducting our operations and our ability to market our oil production depends substantially on the availability and capacity of processing and transportation facilities (such as pipelines, crude oil unloading stations and trucks) and other necessary infrastructure as well as the supply of materials and services by contractors.

Any failure to obtain such facilities on acceptable terms or on a timely basis could materially harm our business. We may be required to shut down oil wells because access to transportation or processing facilities may be limited or unavailable when needed. If that were to occur, then we would be unable to realize revenue from those wells until arrangements were made to deliver the production to the market, which could cause a material adverse effect on our business, financial condition and results of operations. In addition, the shutting down of wells can lead to mechanical problems upon bringing the production back on-line, potentially resulting in decreased production and increased remediation costs. The exploitation and sale of oil will also be subject to timely commercial processing and marketing of these products, which depends on the contracting, financing, building and operating of infrastructure by third parties.

Any pressures on our suppliers and contractors could result in a material increase of costs for the materials and services required to conduct our business. Such equipment, personnel and services can be scarce and may not be readily available at the times and places required. High demand for such equipment or services or access restrictions may affect the availability and cost of, and our access to, such equipment and services and may delay or increase the cost of our exploration, development or production activities. Such future changes to the supply of these services could have a material adverse effect on our operating income and cash flows and may require a reduction in our planned level of spending and the level of our reserves. Prices for the materials and services we depend on to conduct our business are subject to fluctuation due to factors outside of our control and may not be sustained at levels that enable us to operate profitably. Failure by us or our contractors to secure necessary equipment or services could materially and adversely affect our business, prospects, financial condition and results of operations.

We are not, and may not be in the future, the sole owner or operator of all of our licensed areas and do not, and may not in the future, hold all of the working interests in certain of our licensed areas. Therefore, we may not be able to control the timing of exploration or development efforts, associated costs, or the rate of production of any non-operated and, to an extent, any non-wholly owned, assets. The licensed areas owned by our Colombian Branches can also be subject to precautionary measures such as seizures derived from judicial proceedings initiated against the corresponding Colombian Branch. Therefore, we may not be able to control the use of such area if the results are adverse to our Colombian Branches and, as a consequence, the area is subject to a sale.

As of March 31, 2021, we are not the sole owner or operator of most of the licenses included in our portfolio. See "*Business—Overview of Our Assets*."

In addition, the terms of the joint operations agreements or other agreements governing our other partners' interests in all of the licenses that are not wholly-owned or operated by us require that certain actions be approved by at least the majority of working interests. As a result, we may have limited ability to exercise influence over operations or prospects in the licenses operated by our partners, or in licenses that are not wholly owned or operated by us. Our dependence on our partners could prevent us from realizing our target returns for those discoveries or prospects.

Moreover, as we are not the sole owner or operator of most of our properties, we may not be able to control the timing of exploration or development activities or the amount of capital expenditures and may therefore not be able to carry out our key business strategies of minimizing the cycle time between discovery and initial production at such properties. The success and timing of exploration and development activities operated by our partners will depend on a number of factors that will be largely outside of our control, including:

- the timing and amount of capital expenditures;
- the operator's expertise and financial resources;
- approval of other license partners in drilling wells;
- the scheduling, pre-design, planning, design and approvals of activities and processes;
- selection of technology; and
- the rate of production of reserves, if any.

This limited ability to exercise control over the operations on some of our license areas may cause a material adverse effect on our financial condition and results of operations.

Oil companies in Colombia do not own any of the oil reserves.

Pursuant to article 332 of the Political Constitution of Colombia, all onshore and offshore hydrocarbon resources are owned by the sovereign. Although we are the operator of the majority of the licenses and concessions in which we have a working and/or economic interest and generally have the power to make decisions as how to market the hydrocarbons we produce, the Colombian government has full authority to determine the rights, royalties or compensation to be paid by private investors for the exploration or production of any hydrocarbon reserves located in their country.

If the government were to restrict or prevent concessionaires, including us, from exploiting oil reserves, or otherwise interfered with our exploration through regulations with respect to restrictions on future exploration and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation or health and safety, this could have a material adverse effect on our business, financial condition and results of operations.

Accordingly, the success of our business and the effective operation of the fields in Colombia depend upon continued good relations and cooperation with applicable governmental authorities and agencies, including the national oil company, Ecopetrol, which is our partner in all of our currently producing assets as well as being the off-taker for nearly all of our volumes of crude oil. If we, the Colombian government and Ecopetrol are not able to cooperate with one another, it could have an adverse impact on our business, operations and prospects.

We are dependent on obtaining and maintaining permits and licenses from various governmental authorities.

Our oil exploration and production operations are subject to complex and stringent laws and regulations. In order to conduct our operations in compliance with these laws and regulations, we must obtain and maintain numerous licenses, permits, approvals and certificates, including environmental and other operating permits. We may not be able to obtain, sustain or renew such licenses and permits on a timely basis or at all. We may also have licenses and permits rescinded or may not be able to renew expiring licenses and permits. Failure or delay in obtaining or maintaining regulatory approvals or permits could have a material adverse effect on our ability to

develop and explore on our properties, and receipt of drilling permits with onerous conditions could increase our compliance costs. Loss of permits for existing drilling or other activities necessary for production may result in a decline of our production levels and revenues or damage to the well structure. Regulations and policies relating to these licenses and permits may change, be implemented in a way that we do not currently anticipate or take significantly greater time to obtain. There can be no assurance that future political conditions in Colombia will not result in changes to policies with respect to foreign development and ownership of oil, environmental protection, health and safety or labor relations, which may negatively affect our ability to undertake exploration and development activities in respect of present and future properties, as well as our ability to raise funds to further such activities.

Under the terms of some of our various E&P contracts and concession agreements, we are obligated to drill wells, declare any discoveries and file periodic reports in order to retain our rights and establish development areas. Failure to meet these obligations may result in the loss of our interests in the undeveloped parts of our licenses or concession areas.

As we are not the operator of all the joint ventures we are currently involved in, we may rely on the operator to obtain all necessary permits and licenses. If we fail to comply with these requirements, we could be prevented from drilling for oil, and we could be subject to civil or criminal liability or fines. Revocation or suspension of our environmental and operating permits could have a material adverse effect on our business, financial condition and results of operations.

Our contracts in obtaining rights to explore and develop oil and natural gas reserves are subject to contractual expiration dates and operating conditions, and our E&P contracts and concession agreements are subject to early termination in certain circumstances.

Under certain E&P contracts and concession agreements to which we are or may in the future become parties, we are or may become subject to guarantees to perform our commitments and/or to make payment for other obligations, and we may not be able to obtain financing for all such obligations as they arise. If such obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in cancelation of our agreements or dilution or forfeiture of interests held by us.

Additionally, certain of our agreements to which we are or may in the future become a party are subject to set expiration dates. Although we may want to extend some of these contracts beyond their original expiration dates, there is no assurance that we can do so on terms that are acceptable to us or at all, although some agreements contain provisions enabling exploration extensions.

Our E&P contracts are subject to early termination for a breach by the parties, a default declaration, application of any of the contracts' unilateral termination clauses or pursuant to termination clauses mandated by Colombian law. Anticipated termination declared by the ANH results in the immediate enforcement of monetary guaranties against us and may result in an action for damages by the ANH and/or a restriction on our ability to engage in contracts with the Colombian government during a certain period of time. In order to avoid the breach of an E&P contract due to unfulfillment of our exploration commitments, regulation gives us the option to transfer those commitments to other E&P contracts, subject to meeting certain regulatory conditions.

Early termination or nonrenewal of any agreement could have a material adverse effect on our business, financial situation or results of operations.

Environmental regulation and risks may adversely affect our business.

Environmental regulation is stringent, and the costs and expenses of regulatory compliance are increasing. All phases of the oil business present environmental risks and hazards and are subject to environmental regulation pursuant to an extensive suite of international conventions and national and regional laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances used or produced in association with oil operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures.

Failure to comply with these laws and regulations may result in the suspension or termination of operations and subject us to administrative, civil and criminal fines and penalties. Our operations create the risk of significant environmental liabilities to the government or third parties for any unlawful discharge of oil, gas or other pollutants into the air, soil or water or for certain other environmental impacts. There is uncertainty around the impact of environmental laws and regulations, including those presently in force and those expected to be proposed in the future. We cannot predict how future environmental laws will be interpreted, administered or enforced, but more stringent laws or regulations or more vigorous enforcement policies could in the future require material expenditures by us for the installation and operation of compliant systems; therefore it is impossible at this time to predict the nature and impact of those requirements on our company however they may have a material adverse impact on our business.

Given the nature of our business, there are inherent risks of oil spills at drilling or operations sites due to operational failure, accidents, sabotage, pipeline failure or tampering or escape of oil. There are a number of ongoing proceedings against us in connection with compliance with such environmental regulation at our operations. There is a risk that this may lead to potential environmental liabilities, such as damages, litigation costs, clean-up costs or penalties, some of which may be material and for which our insurance coverage maybe inadequate or unavailable.

We operate in an industry with significant environmental, social, governance and climate related risks.

Our operations in Colombia are in areas of significant biodiversity value and many have historical and current ties to indigenous peoples' lands. Indigenous communities affected by projects have a growing expectation of the right to free, prior and informed consent based on the United Nations Declaration on the Rights of Indigenous Peoples and national legislation across Latin America increasingly recognizes the right to free, informed and prior consultation. These updates to laws and expectations introduce the need for greater resources put toward community engagement and understanding as well as benefit sharing mechanisms. We may be exposed challenges related to proper biodiversity management, as some operations exist in key biodiversity areas. This could delay and/or increase the cost of its exploration and development projects. Changes in laws, international norms, investor expectations and other stakeholder perceptions could result in increased liabilities and project expenses. Additionally, we are subject to several administrative environmental investigations that are in an initial phase, including hydrocarbon contingencies with respect to previous years and the current year.

We may be exposed to liabilities under anti-bribery laws and a finding that we violated these laws could have a material adverse effect on our business.

We are subject to anti-bribery laws in the United States, the United Kingdom, Colombia, and other jurisdictions and will be subject to similar laws in other jurisdictions where we may operate in the future. We may face, directly or indirectly, corrupt demands by officials, tribal or insurgent organizations, international organizations, or private entities. As a result, we face the risk of unauthorized payments or offers of payments by employees, contractors, agents, and partners of ours or our subsidiaries or affiliates, given that these parties are not always subject to our control or direction. It is our policy to prohibit these practices. However, our existing safeguards and any future improvements to those measures may prove to be less than effective or may not be followed, and our employees, contractors, agents, and partners may engage in illegal conduct for which we might be held responsible. A violation of any of these laws, even if prohibited by our policies, may result in criminal or civil sanctions or other penalties (including profit disgorgement) as well as reputational damage and could have a material adverse effect on our business and financial condition.

If sanctions are imposed on Colombia in the future, our business may be adversely affected.

Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review by the President of the United States. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the President of the United States that Colombia has failed demonstrably to meet its obligations under international counter-narcotic agreements may result in the imposition of economic and trade sanctions on Colombia which could result in adverse economic consequences in Colombia including potentially threatening our ability to obtain necessary financing to develop our Colombian properties, and could further heighten the political and economic risks associated with our operations there.

Regulations related to emissions and the impact of any changes in climate could adversely impact our business.

Governments around the world have become increasingly focused on regulating greenhouse gas ("GHG") emissions and addressing the impacts of climate change in some manner. GHG emissions legislation is emerging and is subject to change. For example, on an international level, in December 2015, almost 200 nations, including Colombia, agreed to an international climate change agreement in Paris, France, that calls for countries to set their own GHG emission targets and be transparent about the measures each country will use to achieve its GHG emission targets. Although it is not possible at this time to predict how this legislation or any new regulations that may be adopted to address GHG emissions would impact our business, any such future laws and regulations that limit emissions of GHGs could adversely affect demand for the oil and natural gas that we produce.

Current GHG emissions legislation has not resulted in material compliance costs; however, it is not possible at this time to predict whether proposed legislation or regulations will be adopted, and any such future laws and regulations could result in additional compliance costs or additional operating restrictions. If we are unable to recover a significant amount of our costs related to complying with climate change regulatory requirements imposed on us, it could have a material adverse impact on our business, financial condition and results of operations. Significant restrictions on GHG emissions could result in decreased demand for the oil that we produce, with a resulting decrease in the value of our reserves. Further, there have been efforts in recent years to influence the investment community to consider climate change in how they invest in companies. To the extent financial markets view climate change and GHG emissions as a financial risk; this could negatively impact our cost of or access to capital. Increasing attention to the risks of climate change has resulted in an increased possibility of lawsuits brought by public and private entities against oil and natural gas companies in connection with their GHG emissions. Should we be targeted by any such litigation, we may incur liability, which, to the extent that societal pressures or political or other factors are involved, could be imposed without regard to the company's causation of or contribution to the asserted damage, or to other mitigating factors. Finally, although we strive to operate our business operations to accommodate expected climatic conditions, to the extent there are significant changes in the Earth's climate, such as more severe or frequent weather conditions in the markets we serve or the areas where our assets reside, we could incur increased expenses, our operations could be materially impacted, and demand for our products could fall.

Our business is subject to local legal, social, political and economic factors that are beyond our control, which could impair or delay our ability to expand our operations or operate profitably.

All of our proved reserves and production are currently located in Colombia. Exploration and production operations are subject to legal, social, political and economic uncertainties, including terrorism, military repression, social unrest and activism, blockades, strikes by local or national labor groups, interference with private contract rights, extreme fluctuations in currency exchange rates, high rates of inflation, exchange controls, changes in tax rates, changes in laws or policies affecting environmental issues (including land use and water use), workplace safety, foreign investment, foreign trade, investment or taxation, as well as restrictions imposed on the oil and natural gas industry, such as restrictions on production, price controls and export controls. When such disruptions occur, they may adversely impact our operations and threaten the economic viability of our projects or our ability to meet our production targets. For example, the current protests and social unrest in Colombia may result in temporary closures in operations and decreased production.

Our results of operations may also be affected by changes in the political climate in Colombia to the extent that such changes affect the nation's economic policies, growth, stability or regulatory environment. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, wealth taxes, expropriation of property, environmental legislation and site safety. There can be no assurance that the governments of Colombia will continue to pursue business friendly and open market economic policies or policies that stimulate economic growth and social stability. Any changes in the Colombian economy or the respective economic policies, in particular as they relate to the oil industry, may have a negative impact on our business, financial condition and results of operations.

Colombia has experienced several periods of violence and instability, and such instability could affect the economy and us.

Colombia has experienced and may in the future experience political and economic instability. This instability could result in new governments or the adoption of new policies, laws or regulations that might assume a substantially more hostile attitude toward foreign investment, including but not limited to: the imposition of additional taxes; nationalization; changes in energy or environmental policies or the personnel administering them; changes in oil pricing policies; and royalty changes or increases. In an extreme case, such a change could result in termination of contract rights and expropriation of foreign-owned assets or renegotiation or nullification of existing concessions and contracts. Any changes in the oil or investment regulations and policies or a shift in political attitudes in Colombia are beyond our control and may significantly hamper our ability to expand our operations or operate our business at a profit.

Furthermore, Colombia has experienced periods of criminal violence over the past four decades, primarily due to the activities of guerilla groups and drug cartels. In 2018, the Colombian government suspended the peace negotiations with the National Liberation Army (*Ejercito de Liberación Nacional*, or "ELN"). Therefore, despite the peace treaty between the Colombian government and the Revolutionary Armed Forces of Colombia (*Fuerzas Armadas Revolucionarias de Colombia*, or "FARC"), a lasting decrease in violence or drug-related crime in Colombia or the successful integration of former guerrilla members into Colombian society, may not be achieved. An escalation of violence or drug-related crime may have a negative impact on the Colombian economy and on us.

In addition, the peace agreement reached with the FARC may be modified by current or future governments, including President Duque's administration. Although the Colombian Congress has approved certain regulations implementing the final peace agreement, including laws governing the Special Peace Justice System (*Jurisdicción Especial para la Paz*), laws enacted by the Colombian Congress in this regard may differ from the provisions of the peace agreement. In light of the uncertainties surrounding the implementation of the peace agreement, there can be no assurance that criminal and terrorist acts by the FARC or other groups will not escalate in Colombia.

The implementation of the peace agreement with the FARC has and will continue to require the enactment of new laws and regulations, which may impact our activity in ways we cannot anticipate. The impact of such new legislation is still unknown, and further regulations may be required for such legislation to be implemented. New laws or regulations enacted in connection with the implementation of the peace agreement may impact our activity and may have a negative effect on our results of operations. Furthermore, because the laws governing the Special Peace Justice System (Jurisdicción Especial para la Paz) were enacted recently, the scope of the rulings issued under that system and their potential impact on us are unknown.

A new tax reform proposal in Colombia could affect us.

On April 15, 2021, the Colombian government submitted a tax bill before Congress called "Ley de Solidaridad Sostenible" (2021 Tax Reform Bill). The proposed bill includes a set of measures that intend to achieve higher equity and economic growth within a sustainable fiscal framework.

To counteract the effects of the COVID-19 pandemic on fiscal accounts, the Colombian government aimed to increase its primary balance by about 1.4% of GDP and enhance DIAN's modernization process to collect 1.1% of GDP.

With the proposed bill, the average net tax collection between 2022 and 2031 was expected to increase by Ps. 23.4 trillion or 2% of GDP, which includes (i) Ps. 7.3 trillion, or 0.6% of GDP, from a reduction on VAT tax benefits and an increase in the tax base, (ii) Ps. 17 trillion, or 1.4% of GDP, from personal income tax, due mainly to a gradual expansion of the tax base and the effective rate, the elimination of tax exemptions that benefit mainly high income households, changes in the dividend tax, a temporary wealth tax, and a temporary tax on high-incomes, (iii) Ps. 3.7 trillion, or 0.3% of GDP, from corporate taxes, due mainly to the elimination of tax exemptions, a smaller tax credit for the local turnover tax (ICA), and a temporary surcharge of 3 percentage points, and (iv) a reduction of Ps. 4.6 trillion, or 0.4% of GDP, due to additional transfers to subnational governments to finance social spending, mainly education and health.

The expected uses of those resources between 2022 and 2031 were (i) Ps. 4.6 trillion, or 0.4% of GDP, to provide a minimum income to households that are in poverty or extreme poverty, (ii) Ps. 0.8 trillion, or 0.1% of GDP, for programs that promote employment such as temporary subsidies to certain social security contributions, and additional spending on tertiary education and culture, (iii) Ps. 1.8 trillion, or 0.2% of GDP, on VAT compensations for lower-income households, and (iv) Ps. 16.1 trillion, or 1.4% of GDP, to reduce the fiscal deficit.

Under the powers granted by Article 163 of Colombia's Constitution, President Duque requested an expedited approval process for this bill. However, after constant protests and public opposition to the 2021 Tax reform Bill, the Colombian government withdrew the bill announcing modifications to such proposal to be agreed with various economic sectors. There is no certainty of when the Colombian government will propose a new tax reform and the impact of such reform on our business.

Nonetheless, and despite the withdrawal of the 2021 Tax reform Bill, constant protests and opposition to the current government are taking place through Colombia. These protests have not always been peaceful and extraordinary measures are being analyzed to re-establish public order.

We are vulnerable to risks associated with geographically concentrated operations.

The entirety of our production comes from assets located in Colombia. As a result of this concentration, we may be disproportionately exposed to the impact of, among other things, delays or interruptions of production from wells in these areas caused by governmental regulation, community protests, guerrilla activities, processing or transportation capacity constraints, continued authorization by the government to explore and drill in these areas, severe weather events and the availability of equipment, facilities, personnel or services. In particular, due to the concentrated nature of our licences, a number of our properties could experience any of the same conditions at the same time, resulting in a relatively greater impact on our results of operations than they might have on other companies that have a more diversified portfolio of properties.

We rely on local infrastructure and, in particular, the availability of transportation capacity in the Caño – Limón Coveñas and El Centro – Galán-Ayacucho Pipeline systems for storage and shipment of crude oil produced from our fields. The pipeline systems are controlled and operated by third parties and in the event that our access to these transportation systems was constrained or prevented for a period of time this could lead to operational delays, which could affect our ability to add to our reserve base or produce oil and could have a significant impact on our cash flow.

Additionally, the infrastructure we rely on, including storage and transportation facilities, is less developed than that in North America and may be insufficient for our needs at commercially acceptable terms in the localities in which we operate. Further, we operate in remote areas and may rely on helicopters, boats or other transportation methods. Some of these transport methods may result in increased levels of risk, including the risk of accidents involving serious injury or loss of life, and could lead to operational delays, which could affect our ability to add to our reserve base or produce oil and could have a significant impact on our reputation or cash flow. Additionally, some of this equipment is specialized and may be difficult to obtain in our areas of operations, which could hamper or delay operations, and could increase the cost of those operations.

Social disruptions or community disputes in our areas of operations may delay production and result in lost revenue.

Failure to maintain the support and trust of local populations and governments could lead to a delay or suspension of operations, loss of permits or major impact to our reputation in these communities, which could adversely affect our business. We cannot ensure that such issues or disruptions will not be experienced in the future and we cannot predict their potential impacts, which may include delays or loss of production, standby charges, stranded equipment, or damage to our facilities. We also cannot ensure that we will not experience protests or blockades erected by criminal groups or cultivators of illegal crops, in response to the Colombian government's eradication of such crops, if such crops are grown in proximity to roads required to access our operations.

In addition, we must comply with legislative requirements for prior consultation with communities and ethnic groups who are affected by our proposed projects in Colombia. Notwithstanding our compliance with these requirements, we may be sued by such communities through a writ for protection of *tutela* in the Colombian courts

for enhanced consultation, potentially leading to increased costs, operational delays or temporary suspensions and other impacts. In addition, several areas in Colombia have conducted Popular Consultations and essential referendums on extractive industries. The referendums were organized by opponents of the mining or oil and natural gas industries. It remains unclear to what extent such results can impact the exercise of mineral rights conferred by the national government.

Security concerns in Colombia may disrupt our operations.

Oil pipelines, including the Caño – Limón Coveñas and El Centro – Galán-Ayacucho Pipeline systems, which we rely on, have historically been primary targets of terrorist activity in Colombia. Although a Peace Agreement was ratified by Colombian government in 2016, the result of which was the demobilization and disarmament of the FARC, there continue to be examples of violence against pipelines and other infrastructure that has been attributed to other guerrilla groups, such as the ELN, dissident members of the FARC group and other illegal armed groups. For example, in July of 2020, a small group of armed individuals attacked one of our more remote platform locations. While we were able to respond quickly and effectively to this incident to ensure that it did not result in loss of life or meaningful disruption to our operations, we may not be able to do so in the event of another attack in the future, and the additional security measures that we have implemented as a result of the incident may not prove to be effective. It is not currently known whether or to what degree violence will continue and whether and to what degree that violence may impact our operations. Notwithstanding the Peace Agreement ratified and the ongoing efforts to implement such agreements as well as the continuing attempts by the Colombian government to reduce or prevent activity of guerrilla dissidents, such efforts may not be successful and such activity may continue to disrupt our operations in the future or cause us higher security costs and could adversely impact our financial condition, results of operations or cash flows.

Colombia also has a history of security problems. Our efforts to ensure the security of our physical assets may not be successful and there can also be no assurance that we can maintain the safety of our or our contractors' field personnel and our operations in Colombia or that this violence will not adversely affect our operations in the future and cause significant loss. If these security problems disrupt our operations, our financial condition and results of operations could be adversely affected.

The threat and impact of cyberattacks may adversely impact our operations and could result in information theft, data corruption, operational disruption, and/or financial loss.

We depend on digital technology, including information systems and related infrastructure and services, to store, transmit, process and record sensitive information (including trade secrets, employee information and financial and operating data), communicate with our employees and business partners, analyze seismic and drilling information, estimate quantities of oil and gas reserves and for many other activities related to our business. The complexities of the technologies needed to explore for and develop oil in increasingly difficult physical environments, and global competition for oil and gas resources make certain information attractive to thieves. Our business processes depend on the availability, capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure in response to our changing needs and therefore it is critical to our business that our facilities and infrastructure remain secure.

While we have implemented strategies to mitigate impacts from these types of events, and have also purchased cyber insurance to address these risks, we cannot guarantee that measures taken to defend against cybersecurity threats will be sufficient for this purpose. The ability of the information technology function to support our business in the event of a security breach or a disaster such as fire or flood and our ability to recover key systems and information from unexpected interruptions cannot be fully tested and there is a risk that, if such an event actually occurs, we may not be able to address immediately the repercussions of the breach or disaster. In that event, key information and systems may be unavailable for a number of days or weeks, leading to our inability to conduct business or perform some business processes in a timely manner. Moreover, if any of these events were to materialize, they could lead to losses of sensitive information, critical infrastructure, personnel or capabilities essential to our operations and could have a material adverse effect on our reputation, financial condition or results of operations.

Our insurance may be inadequate to cover liabilities we may incur.

Our involvement in the exploration for and development of oil and natural gas properties may result in our becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although we maintain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities.

We may be subject to work stoppages or other labor disturbances.

We employ local workers in Colombia. Additionally, we hire contractors who, in turn, have their own employees from the regions in which we do business. Although we believe we have good relations with our employees and our contractors' employees, work stoppages or other labor disturbances may occur in the future. In addition, 69 people in our total workforce are represented by a union, trade union, or works council, and those employed by our contractors are represented by labor unions that benefit from the terms of a collective bargaining agreement, which increases our operating costs in country.

If a work stoppage or other labor disturbance occurs, we or our contractors may not be able to negotiate acceptable terms for any collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements. The occurrence of any of the foregoing could materially and adversely affect our business, prospects, financial condition and results of operations. See also "*—Our business is subject to local legal, social, political and economic factors that are beyond our control, which could impair or delay our ability to expand our operations or operate profitably*."

Our business requires significant capital expenditures, and we may not have the resources necessary to fund these expenditures.

If cash flows from operations, cash on hand and available capacity under our New Revolving Credit Facility are not sufficient to fund our capital program, we may be required to seek additional external financing or to delay or reduce our exploration and development activities, which could impact production, revenues and reserves.

If we require additional capital, we may pursue sources of capital through various financing transactions or arrangements, including joint venturing of projects, debt financing or other means. We may not be able to access capital on favorable terms or at all. In addition, debt and other financing may involve a pledge of assets, require covenants that would restrict our business activities, and may be senior to interests of equity holders. We may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertibles and warrants, which would adversely impact our financial results.

Our ability to obtain needed financing may be impaired by factors such as weak capital markets (both generally and for the oil industry in particular), the location of our oil properties in Colombia, low or declining prices of oil and natural gas on the commodities markets, and the loss of key management. Further, if oil prices on the commodities markets decrease, then our revenues will likely decrease, and such decreased revenues may increase our requirements for capital. Some of the contractual arrangements governing our exploration activity may require us to commit to certain capital expenditures, and we may lose our contract rights if we do not have the required capital to fulfil these commitments. If the amount of capital we are able to raise from financing activities, together with our cash flows from operations, is not sufficient to satisfy our capital needs (even to the extent that we reduce our activities), we may be required to curtail our operations.

Foreign currency exchange rate volatility may affect our financial results.

We sell our oil under agreements that are denominated in U.S. dollars. Many of the operational and other expenses we incur, including current and deferred tax assets and liabilities in Colombia, are denominated in Colombian pesos. As a result, we are exposed to translation risk when local currency financial statements are translated to U.S. dollars, our functional currency. An appreciation of the Colombian peso can increase our costs and negatively impact our results from operations. We are also exposed to transaction risk on settlement of payables and receivables denominated in U.S. dollars.

We may not be able to consummate future acquisitions or integrate acquisitions into our business, which could result in unanticipated expenses and losses.

As part of our business growth strategy, we have acquired businesses and entered into joint ventures in the past and intend to pursue acquisitions and joint venture opportunities in the future. Our ability to implement this component of our growth strategy will be limited by our ability to identify appropriate acquisition or joint venture candidates and our financial resources, including available cash and borrowing capacity. The expense incurred in consummating acquisitions or entering into joint ventures, the time it takes to integrate an acquisition or our failure to integrate businesses successfully, could result in unanticipated expenses and losses. Furthermore, we may not be able to realize any of the anticipated benefits from acquisitions or joint ventures. In addition, consummating acquisitions may require incurrences of additional indebtedness.

We may not achieve all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDAX and other non-IFRS financial measures.

We have made adjustments to net income to calculate Adjusted EBITDAX and other non-IFRS financial measures. These adjustments reflect certain items related to our business strategy, and some of them may not comply with the SEC's rules governing the use of non-IFRS financial measures. See "*Non-IFRS Financial Measures*" and "*Summary—Summary Historical Financial Information and Other Data*."

Our ability to realize the expected benefit or cost savings associated with the adjustments included or permitted by the New Credit Agreement and the Indenture to be included when calculating Adjusted EBITDAX and other non-IFRS financial measures depends on factors beyond our control, such as our ability to integrate businesses that we acquire, operating difficulties, increased operating costs, competitors and customers, delays in implementing initiatives and general economic or industry conditions. Additionally, such benefits may require certain related one-time costs, charges and expenses, which may be material, in order for such benefits to be achieved. We cannot assure you that we will be successful in generating growth, maintaining or increasing our cash flows or profitability or achieving cost savings in connection with the items reflected in these adjustments. We cannot assure you that Adjusted EBITDAX and the other non-IFRS financial measures will reflect the actual benefit of their related adjustments.

We have not prepared consolidated financial statements in accordance with U.S. GAAP or IFRS IASB.

We prepare the Combined Financial Statements in accordance with IFRS Colombia. There could be significant differences between IFRS Colombia and both generally accepted accounting principles in the United States ("U.S. GAAP") and IFRS IASB. We have not presented a reconciliation of the Combined Financial Statements to U.S. GAAP or IFRS IASB in this offering memorandum. Accordingly, such information is not available to investors, and investors should consider this in making their investment decision. See "*Presentation of Financial and Other Information—Historical Financial Statements of the Company*" for further information regarding these differences.

Risks Related to the Notes and Our Indebtedness

Our substantial indebtedness could adversely affect our financial condition, limit our ability to raise additional capital to fund our operations and prevent us from fulfilling our obligations under the Notes and our other indebtedness.

After this offering and the application of the net proceeds therefrom, we will have a significant amount of indebtedness. As a result of our substantial indebtedness, a significant amount of our cash flows will be required to pay interest and principal on our outstanding indebtedness, and we may not generate sufficient cash flows from operations, or have future borrowings available under the New Revolving Credit Facility, to enable us to repay our indebtedness, including the Notes, or to fund our other liquidity needs. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions, Holdings and its subsidiaries would have had total indebtedness of approximately US$600.0 million, consisting of the Notes, and would have had unused commitments under the New Revolving Credit Facility available to us of US$80.0 million (without giving effect to up to approximately US$13.5 million of letters of credit expected to be outstanding on the Closing Date).

Subject to the limits to be contained in the New Credit Agreement and the Indenture, and that are contained in our other debt instruments, we may incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt would increase. Specifically, our high level of debt could have important consequences to the holders of the Notes, including:

- making it more difficult for us to satisfy our obligations with respect to the Notes and our other debt, and if we fail to comply with these obligations, an event of default could result;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, investments or acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, investments or acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates as certain of our borrowings, including borrowings under the New Revolving Credit Facility, are at variable rates of interest;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete and to changing business and economic conditions;
- restricting us from making acquisitions or causing us to make divestitures;
- impairing our ability to obtain additional financing in the future;
- preventing us from raising the funds necessary to repurchase all Notes tendered to us upon the occurrence of certain changes of control, which failure to repurchase would constitute an event of default under the Indenture;
- placing us at a disadvantage compared to other, less leveraged competitors and affecting our ability to compete; and
- increasing our cost of borrowing.

The occurrence of any one of these events could have a material adverse effect on our business, financial condition, results of operations and ability to satisfy our obligations in respect of our outstanding debt.

We may not be able to generate sufficient cash flows from operating activities to service all of our indebtedness, including the Notes, and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our business, financial position, and results of operations and our ability to satisfy our obligations under the Notes.

Additionally, if we cannot make scheduled payments on our debt we will be in default, and holders of the Notes could declare all outstanding principal and interest to be due and payable, the lenders under the New Revolving Credit Facility could terminate their commitments to loan additional money to us, the lenders could foreclose against the assets securing their borrowings and we could be forced into bankruptcy or liquidation. All of these events could result in your losing all or a part of your investment in the Notes.

Our ability to make scheduled payments on or refinance our debt obligations, including the Notes, depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond our control. We might not be

able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, including the Notes.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness, including the Notes. We may not be able to effect any such alternative measures on commercially reasonable terms or at all and, even if successful, those alternative actions may not allow us to meet our scheduled debt service obligations. The New Credit Agreement and the Indenture will restrict our ability to dispose of assets and use the proceeds from such dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. Because of these restrictions, we may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

In addition, we conduct substantially all of our operations through our subsidiaries, some of which, including SierraCol Arauca, will not be guarantors of the Notes or our other indebtedness. Accordingly, repayment of our indebtedness, including the Notes, is dependent on the generation of cash flows by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Certain of our subsidiaries will not become Guarantors. Unless they are guarantors of the Notes or our other indebtedness, our subsidiaries do not have any obligation to pay amounts due on the Notes or our other indebtedness or to make funds available for that purpose. Our subsidiaries may not be able to, or may not be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the Notes. Each subsidiary is a distinct legal entity, and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the New Credit Agreement and the Indenture will limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Notes.

We will need to repay or refinance our New Revolving Credit Facility prior to the maturity of the Notes. Failure to do so could have a material adverse effect upon us.

Our New Revolving Credit Facility will mature in 2026, which is prior to the maturity of the Notes offered hereby. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions, we would have had approximately US$600.0 million outstanding of the Notes offered hereby. See "*Use of Proceeds*," "*Capitalization*" and "*Description of Our New Revolving Credit Facility*."

Consequently, prior to the maturity of the Notes, we will need to repay, refinance, replace or otherwise extend the maturity of our New Revolving Credit Facility. Our ability to repay, refinance, replace or extend will be dependent on, among other things, business conditions, our financial performance and the general condition of the financial markets. If a financial disruption were to occur at the time that we are required to repay indebtedness outstanding under our New Revolving Credit Facility, we could be forced to undertake alternate financings, negotiate for an extension of the maturity of our New Revolving Credit Facility or sell assets and delay capital expenditures in order to generate proceeds that could be used to repay such indebtedness. We cannot assure you that we will be able to consummate any such transaction on terms that are commercially reasonable, on terms acceptable to us or at all. Our failure to repay, refinance, replace or otherwise extend the maturity of our New Revolving Credit Facility could result in an event of default under the New Credit Agreement or the Indenture, which could lead to an acceleration or repayment of substantially all of our outstanding debt.

Despite our level of indebtedness after the Transactions, we and our subsidiaries may still incur substantially more debt. This could further exacerbate the risks to our financial condition described above and impair our ability to operate our business.

We and our subsidiaries may incur significant additional indebtedness in the future. Although the New Credit Agreement and the Indenture will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, including with respect to our ability to incur additional senior secured debt. The additional indebtedness we may incur in compliance with these restrictions could be substantial. If we incur any additional indebtedness that ranks equally with the Notes, subject to collateral arrangements, the holders of that debt will be entitled to share ratably with you (or, in the case of *pari passu* secured

debt, senior to you, to the extent of the value of the assets securing such indebtedness) in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding up of our company. This could reduce the amount of proceeds paid to you. These restrictions also will not prevent us from incurring obligations that do not constitute indebtedness. In addition, our New Revolving Credit Facility provides for unused commitments available to us of US$80.0 million (without giving effect to up to approximately US$13.5 million of letters of credit expected to be outstanding on the Closing Date). Furthermore, our New Revolving Credit Facility may be increased by an amount equal to US$50.0 million. All of those borrowings would be secured indebtedness, which would be effectively senior to our obligations under the Notes. If new debt is added to our current debt levels, the related risks that we and the Guarantors now face would increase. See "*Description of Our New Revolving Credit Facility*" and "*Description of the Notes*."

The terms of the New Credit Agreement and the Indenture will impose restrictions that may limit our current and future operating flexibility, particularly our ability to respond to changes in the economy or our industry or to take certain actions, which could harm our long-term interests and may limit our ability to make payments on the Notes.

The New Credit Agreement and the Indenture will contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interest, including restrictions on our ability, and the ability of our subsidiaries, to:

- incur additional indebtedness and guarantee indebtedness;
- pay dividends or make other distributions in respect of, or repurchase or redeem, capital stock or share capital;
- prepay, redeem or repurchase certain indebtedness;
- make loans and investments;
- sell, transfer or otherwise dispose of assets;
- incur liens;
- enter into transactions with affiliates;
- enter into new lines of business or alter the businesses we conduct;
- designate any of our subsidiaries as unrestricted subsidiaries;
- enter into agreements restricting our subsidiaries' ability to pay dividends; and
- consolidate, amalgamate, merge, transfer or sell all or substantially all of our assets or the assets of our subsidiaries.

As a result of all of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions might hinder our ability to grow in accordance with our strategy.

These covenants could materially and adversely affect our ability to finance our future operations or capital needs. Furthermore, they may restrict our ability to expand, pursue our business strategies and otherwise conduct our

business. Our ability to comply with these covenants may be affected by circumstances and events beyond our control, such as prevailing economic conditions and changes in regulations, and we cannot assure you that we will be able to comply with such covenants. These restrictions also limit our ability to obtain future financings to withstand a future downturn in our business or the economy in general. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the Notes and may make it more difficult for us to successfully execute our business strategy and compete against companies that are not subject to such restrictions.

In addition, the financial covenant in the New Credit Agreement will require the maintenance of a maximum consolidated total net leverage ratio, which ratio will be tested at the end of each quarter. Our ability to meet the financial covenant could be affected by events beyond our control.

A breach of the covenants under the New Credit Agreement or the Indenture could result in an event of default under the applicable indebtedness. Such a default, if not cured or waived, may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt that is subject to an applicable cross-acceleration or cross-default provision. In addition, an event of default under the New Credit Agreement would permit the lenders under our New Revolving Credit Facility to terminate all commitments to extend further credit under the facilities. Furthermore, if we were unable to repay the amounts due and payable under our New Revolving Credit Facility, those lenders could proceed against the collateral securing such indebtedness. In the event our lenders or holders of the Notes accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our New Revolving Credit Facility are at variable rates of interest and expose us to interest rate risk. Recent interest rates have been at historically low levels. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed may remain the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. Assuming that our New Revolving Credit Facility is fully drawn (which drawings will bear interest at a floating rate), each one-eighth percent change in interest rates would result in a US$100,000 change in annual interest expense on the indebtedness under our New Revolving Credit Facility. In addition, certain of our variable rate indebtedness uses LIBOR as a benchmark for establishing the rate. LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to disappear entirely or to perform differently than in the past. While the consequences of these developments cannot be entirely predicted, and could include an increase in the cost of our variable rate indebtedness, our New Revolving Credit Facility includes customary LIBOR replacement provisions intended to incorporate a benchmark replacement rate in the event of a cessation of or other disruption in LIBOR. We do not currently expect to enter into any interest rate cap agreements to hedge our interest rate exposures related to our variable rate borrowings under the New Revolving Credit Facility. However, we may, in the future, choose to enter into such arrangements and, if so, it is possible that such future interest rate cap agreements or swaps we enter into may not fully or effectively mitigate our interest rate risk and we may decide not to maintain such interest rate swaps in the future.

The Notes will be structurally subordinated to all obligations of our existing and future subsidiaries that are not required to be and do not become Guarantors.

The Notes will be jointly and severally guaranteed on a senior unsecured basis by Holdings and each of Holdings' existing and future subsidiaries, other than the Issuer, that is a borrower under or that guarantees obligations under our New Revolving Credit Facility or certain other indebtedness, subject to certain exceptions. At settlement of this offering, only SierraCol Condor and Holdings will guarantee the Notes. After the Closing Date, we intend to cause each of Occidental of Colombia PUT-36, LLC (our acquisition of which is pending ANH approval), SierraCol Energy Block LLA 39 Ltd., SierraCol Energy Block LLA 52 Ltd., SierraCol Energy Holder Ltd., Colombia Energy Development Co., Lagosur Petroleum Colombia Inc. and Swissco to guarantee the Notes when they guarantee our New Revolving Credit Facility, which we currently expect to occur within 120 days of the Closing Date. We expect to receive ANH approval for our acquisition of Occidental of Colombia PUT-36, LLC in the third quarter of 2021, but there can be no assurances that such approval will be obtained, in which case, such entity would not become a Guarantor. We will not have any obligation under the Indenture to cause any of such

subsidiaries to guarantee the Notes in the future, only to the extent that they become guarantors under our New Revolving Credit Facility or certain other indebtedness. See "*Description of the Notes—Brief Description of the Notes and the Note Guarantees—The Note Guarantees*." Our subsidiaries that do not guarantee the Notes will have no obligation, contingent or otherwise, to pay amounts due under the Notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. The Notes, and the guarantees thereof, will be structurally subordinated to all indebtedness and other obligations of any non-Guarantor subsidiary such that, in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any subsidiary that is not a Guarantor, all of that subsidiary's creditors (including trade creditors) would be entitled to payment in full out of that subsidiary's assets before we would be entitled to any payment from that subsidiary.

For the year ended December 31, 2020, on an as-adjusted basis after giving effect to the Transactions and assuming that such subsidiaries have become Guarantors, our non-Guarantor subsidiaries (excluding the Issuer) represented approximately 44% of our total revenues and approximately 50% of our Pro Forma Adjusted EBITDAX, primarily all of which was generated at SierraCol Arauca. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions and assuming that such subsidiaries have become Guarantors, our non-Guarantor subsidiaries (excluding the Issuer) represented approximately 17% of our total assets (excluding intercompany investments in subsidiaries) and approximately 16% of our total liabilities (including trade payables but excluding intercompany payables and receivables), primarily all of which were held at SierraCol Arauca.

In addition, our subsidiaries that provide, or will provide, guarantees of the Notes will be automatically released from those guarantees upon the occurrence of certain events, including the following:

- the designation of that subsidiary as an unrestricted subsidiary;
- the release or discharge of any guarantee or indebtedness that resulted in the creation of the guarantee of the Notes by such subsidiary guarantor, including the guarantee of our New Revolving Credit Facility; or
- the sale or other disposition, including the sale of substantially all of the assets, of that subsidiary guarantor.

If any subsidiary guarantee is released, no holder of the Notes will have a claim as a creditor against that subsidiary, and the indebtedness and other liabilities, including trade payables and preferred stock, if any, whether secured or unsecured, of that subsidiary will be effectively senior to the claim of any holders of the Notes. See "*Description of the Notes— Note Guarantees*."

The Notes will be effectively subordinated to our and our Guarantors' indebtedness under our New Revolving Credit Facility and any of our and our Guarantors' other secured indebtedness to the extent of the value of the assets securing that indebtedness.

The Notes will not be secured by any of our or our Guarantors' assets. As a result, the Notes and the guarantees thereof will be effectively subordinated to our and our Guarantors' indebtedness under our New Revolving Credit Facility with respect to the assets that secure that indebtedness. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions, we would have had unused commitments under the New Revolving Credit Facility available to us of US$80.0 million (without giving effect to up to approximately US$13.5 million of letters of credit expected to be outstanding on the Closing Date). In addition, we may incur additional secured debt in the future. The effect of this subordination is that, upon a default in payment on, or the acceleration of, any of our secured indebtedness, or in the event of bankruptcy, insolvency, liquidation, dissolution or reorganization of the Issuer or the Guarantors, the proceeds from the sale of assets securing our secured indebtedness will be available to repay obligations on the Notes only after all obligations under our New Revolving Credit Facility and any other secured debt has been paid in full. As a result, the holders of the Notes may receive less, ratably, than the holders of secured debt in the event of our or our Guarantors' bankruptcy, insolvency, liquidation, dissolution or reorganization.

The lenders under the New Revolving Credit Facility have the discretion to release the guarantors under our New Revolving Credit Facility in a variety of circumstances, which may cause those guarantors to be released from their guarantees of the Notes.

While any obligations under our New Revolving Credit Facility remain outstanding, any guarantee of the Notes may be released without action by, or consent of, any holder of the Notes or the Trustee under the Indenture, if such Guarantor is no longer a borrower or guarantor of obligations under our New Revolving Credit Facility or certain other indebtedness. See "*Description of the Notes—Note Guarantees*." The lenders under our New Revolving Credit Facility will have the discretion to release the guarantees under our New Revolving Credit Facility in a variety of circumstances. You will not have a claim as a creditor against any subsidiary that is no longer a Guarantor, and the indebtedness and other liabilities, including trade payables, whether secured or unsecured, of those subsidiaries will effectively be senior to claims of holders of the Notes.

We may not be able to repurchase the Notes upon a change of control or pursuant to an asset sales offer.

Upon the occurrence of specific kinds of change of control events, we will be required to offer to repurchase all outstanding Notes at 101% of their principal amount, plus accrued and unpaid interest to the repurchase date. Additionally, under the New Revolving Credit Facility, a change of control (as defined therein) constitutes a mandatory prepayment event. The source of funds for any repurchase of the Notes and repayment of borrowings under the New Revolving Credit Facility would be our available cash or cash generated from our subsidiaries' operations or other sources, including borrowings, sales of assets or sales of equity. We may not be able to repurchase the Notes upon a change of control because we may not have sufficient financial resources to purchase all of the Notes that are tendered upon a change of control and repay our other indebtedness that will become due at such time. We may require additional financing from third parties to fund any such purchases, and we may be unable to obtain financing on satisfactory terms or at all. If we fail to repurchase the Notes in that circumstance, we will be in default under the Indenture. Further, our ability to repurchase the Notes may be limited by law. In order to avoid the obligations to repurchase the Notes and events of default and potential breaches of the New Credit Agreement, we may have to avoid certain change of control transactions that would otherwise be beneficial to us.

In addition, some important corporate events, such as leveraged recapitalizations or the sale of our company to a public company that does not have a majority shareholder, may not, under the Indenture, constitute a "change of control" that would require us to repurchase the Notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Notes. See "*Description of the Notes—Change of Control Triggering Event*." However, a change of control offer will not be required if a change of control is a "Specified Change of Control Event." See "*Description of the Notes—Certain Definitions—Change of Control Triggering Event*."

Moreover, in certain circumstances specified in the Indenture, we will be required to commence an asset sale offer, as defined under the Indenture, pursuant to which we will be obligated to offer to purchase the applicable notes at a price equal to 100% of their principal amount plus accrued and unpaid interest. See "*Description of the Notes—Certain Covenants—Asset Sales*."

The exercise by the holders of the Notes of their right to require us to repurchase the Notes pursuant to a change of control offer or asset sale offer could cause a default under the agreements governing our other indebtedness, including future agreements, even if the change of control or asset sale itself does not, due to the financial effect of such repurchases on us. In the event a change of control offer or asset sale is required to be made at a time when we are prohibited from purchasing Notes, we could attempt to refinance the borrowings that contain such prohibitions. If we do not obtain consent or repay those borrowings, we will remain prohibited from purchasing the Notes. In that case, our failure to purchase tendered Notes would constitute an event of default under the Indenture, which could, in turn, constitute a default under our other indebtedness. Finally, our ability to pay cash to the holders of the Notes upon a repurchase may be limited by our then existing financial resources.

Holders of the Notes may not be able to determine when a change of control giving rise to their right to have the Notes repurchased has occurred following a sale of "substantially all" of our assets.

The definition of change of control in the Indenture includes a phrase relating to the sale of "all or substantially all" of our assets. There is no precise established definition of the phrase "substantially all" under applicable law and the judicial interpretation of that phrase will likely depend upon particular facts and circumstances. Accordingly, the ability of a holder of Notes to require us to repurchase such Notes as a result of a sale, assignment, lease, conveyance, or other disposition of less than all of our and our subsidiaries' assets, taken as a whole, to another person or group is uncertain. Accordingly, the ability of a holder of Notes to require us to repurchase its Notes as a result of a sale of less than all our assets to another person may be uncertain.

We may redeem your Notes at our option, which may adversely affect your return.

As described under "*Description of the Notes—Optional Redemption*," we have the right to redeem the Notes in whole or in part beginning on June 15, 2024, at the redemption prices set forth in this offering memorandum. At any time prior to June 15, 2024, we may also redeem (1) up to 100% of the Notes at a redemption price of 100% of their principal amount plus a make-whole premium and accrued interest and (2) up to 40% of the Notes at a redemption price of 100% of the principal amount plus the annual coupon and accrued interest using the proceeds of certain equity offerings so long as at least 50% of the aggregate principal amount of the Notes remain outstanding. We may choose to exercise this redemption right when prevailing interest rates are relatively low. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

Fraudulent transfer laws, and similar laws in applicable non-U.S. jurisdictions, may permit a court to void the Notes and/or the guarantees thereof and, if that occurs, you may not receive any payments on the Notes.

Fraudulent transfer and conveyance laws, and similar laws in applicable non-U.S. jurisdictions, may apply to the issuance of the Notes and/or the incurrence of the guarantees of the Notes. Under bankruptcy laws and fraudulent transfer or conveyance laws and other similar laws in applicable non-U.S. jurisdictions, which may vary from state to state and jurisdiction to jurisdiction, the Notes or the guarantees thereof could be voided as a fraudulent transfer or conveyance if the Issuer or any of the Guarantors, as applicable, (a) issued the Notes and/or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (b) received less than reasonably equivalent value or fair consideration in return for issuing the Notes and/or incurring the guarantees and, in the case of (b) only, one of the following is also true at the time thereof:

- we or any of the Guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the Notes or the incurrence of the guarantees;
- the issuance of the Notes or the incurrence of the guarantees left us or any of the Guarantors, as applicable, with an unreasonably small amount of capital or assets to carry on the business;
- we or any of the Guarantors intended to, or believed that we or such Guarantor would, incur debts beyond our or the Guarantor's ability to pay such debts as they mature; or
- we or any of the Guarantors were a defendant in an action for money damages, or had a judgment for money damages docketed against us or the Guarantor if, in either case, the judgment is unsatisfied after final judgment.

A court might also void the issuance of the Notes or a guarantee, without regard to the above factors, if the court found that we issued the Notes or the Guarantor entered into its guarantee with actual intent to hinder, delay or defraud its creditors. As a general matter, under U.S. law, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is secured or satisfied. A U.S. court would likely find that a Guarantor did not receive reasonably equivalent value or fair consideration for its guarantee to the extent the Guarantor did not obtain a reasonably equivalent benefit directly or indirectly from the issuance of the Notes.

We cannot be certain as to the standards a U.S. court or any other court would use to determine whether or not the Issuer or the Guarantors were insolvent at the relevant time or, regardless of the standard that a court uses, whether the Notes or the guarantees would be subordinated to the Issuer's or any of the Guarantors' other debt. In general, however, a U.S. court would deem an entity insolvent if:

- the sum of its debts, including contingent and prospective liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent and prospective liabilities, as they become absolute and mature; or
- it could not pay its debts as they became due.

Each guarantee contains a provision intended to limit a Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being voided under fraudulent transfer law, or may reduce or eliminate the Guarantor's obligation to an amount that effectively makes the guarantee worthless.

If a U.S. court were to find that the issuance of the Notes or the incurrence of a guarantee was a fraudulent transfer or conveyance, the U.S. court could void the payment obligations under the Notes or that guarantee, could subordinate the Notes or that guarantee to presently existing and future indebtedness of the Issuer or of the related Guarantor or could require the holders of the Notes to repay any amounts received with respect to that guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the Notes. Further, the avoidance of the Notes or the guarantees thereof could result in an event of default with respect to our and our subsidiaries' other debt that could result in acceleration of that debt.

Finally, as a court of equity, a U.S. bankruptcy court may subordinate the claims in respect of the Notes or the guarantees thereof to other claims against us under the principle of equitable subordination if the court determines that (1) the holder of the Notes or the guarantees thereof engaged in some type of inequitable conduct, (2) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of the Notes and (3) equitable subordination is not inconsistent with the provisions of the U.S. bankruptcy code.

Although laws differ among these jurisdictions, in general, applicable fraudulent transfer and conveyance laws, equitable principles and insolvency laws and limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of the guarantees. Courts may also, in certain circumstances, avoid the guarantees where any Guarantor is close to or in the vicinity or zone of insolvency or if the guarantees are made during a certain period preceding the opening of insolvency proceedings.

Insolvency laws of jurisdictions outside the United States may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due under the Notes.

Certain of the Guarantors are incorporated or organized under the laws of Bermuda, the Cayman Islands, England and Wales, Panama and Switzerland and are parties to certain key agreements affecting your rights as holders of the Notes and your ability to recover under the Notes, including the Indenture. The Notes may also be guaranteed in the future by other subsidiaries of ours incorporated or organized outside the United States. The insolvency laws of these non-U.S. jurisdictions may not be as favorable to your interests as creditors as the laws of the United States or other jurisdictions with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and the duration of the proceeding.

See "*Certain Insolvency Law Considerations and Enforcement Limitations*" for a description of the insolvency laws in England and Wales, Bermuda, the Cayman Islands, Panama, Switzerland and the United States, the jurisdictions of the Issuer and the Guarantors, which could limit holders of the Notes from recovering payments due under the Notes and limit the enforceability of the guarantees of the Notes.

In the event that any one or more of the Issuer, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Guarantees provided by entities incorporated or organized in jurisdictions not discussed in this offering memorandum are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the guarantees after bankruptcy or an insolvency event in such other jurisdictions will be subject to the insolvency laws of the relevant entity's jurisdiction of incorporation or organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, the ability to void preferential transfers, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect a holder of the Notes' ability to enforce its rights in these jurisdictions or limit any amounts that such holder of the Notes may receive.

Enforcing your rights as a holder of the Notes under the guarantees across multiple jurisdictions may be difficult.

The Notes will be guaranteed by certain of our subsidiaries that are incorporated or organized under the laws of Bermuda, the Cayman Islands, England and Wales, Panama, Switzerland and the United States. The Notes may also be guaranteed in the future by certain of our subsidiaries that are incorporated or organized in other jurisdictions. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions or in the jurisdiction of incorporation or organization of a future Guarantor. Your rights under the Notes and the guarantees could therefore be subject to the laws of multiple jurisdictions, and you may not be able to enforce effectively your rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights. In addition, the bankruptcy, insolvency, foreign exchange and exchange control regulations, administration and other laws of the various jurisdictions may not be as favorable to you as, and may be materially different from or in conflict with one another and those of the United States, including in respect of creditor's rights, priority of creditors, registration requirements, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The consequences of the multiple jurisdictions involved could trigger disputes over which jurisdiction's laws should apply, which could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the guarantees.

You may be unable to enforce judgments obtained in the United States and non-U.S. courts against us, certain of the Guarantors or our or their respective directors, managers and executive officers.

Certain of the Guarantors and certain of their respective directors and executive officers are, and will continue to be, non-residents of the United States, and most of the assets of these non-U.S. companies are located outside of the United States. Although we will submit to the jurisdiction of certain New York courts in connection with any action relating to the Indenture and/or the Notes, you may not be able to effect service of process the non-U.S. resident directors, managers and officers in the United States or to enforce judgments of a U.S. court including any such judgment predicated upon the federal or state securities laws of the United States. Moreover, any judgment obtained in the United States against the non-resident directors, managers or executive officers or non-U.S. Guarantors, including judgments with respect to the payment of principal, premium, if any, and interest on the Notes, may not be collectible in the United States. There is also uncertainty about the enforceability of civil judgments in the courts of certain jurisdictions, whether or not predicated upon the federal securities laws of the United States. See "*Certain Insolvency Law Considerations and Enforcement Limitations*."

Because each Guarantor's liability under its guarantee may be reduced to zero or avoided or released under certain circumstances, you may not receive any payments from some or all of the Guarantors.

It is anticipated that the Notes will have the benefit of the guarantees of certain of our subsidiaries. However, the guarantees will be limited to the maximum amount that the Guarantors are permitted to guarantee under applicable law and enforcement of each guarantee would be subject to certain generally available defenses, including those that relate to corporate benefit, fraudulent transfer or conveyance, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. See "*Certain Insolvency Law Considerations and Enforcement Limitations*." As a result, a

Guarantor's liability under a guarantee could be reduced to zero depending on the amount of other obligations of such entity. Further, under certain circumstances, a court under applicable fraudulent conveyance and transfer statutes or other applicable laws could void the obligations under a guarantee, or subordinate the guarantee to other obligations of the Guarantor. See "*—Fraudulent transfer laws, and similar laws in applicable non-U.S. jurisdictions, may permit a court to void the Notes and/or the guarantees thereof and, if that occurs, you may not receive any payments on the Notes*." In addition, you will lose the benefit of a particular guarantee if it is released under certain circumstances described under "*Description of the Notes— Note Guarantees*."

As a result, an entity's liability under its guarantee could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee granted by a company that is not in the company's corporate interests or where the burden of that guarantee exceeds the benefit to the company may not be valid and enforceable. It is possible that a creditor of an entity or the insolvency administrator in the case of an insolvency of an entity may contest the validity and enforceability of the guarantee and that the applicable court may determine that the guarantee should be limited or voided. In the event that any guarantees are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the guarantee apply, the Notes would rank *pari passu* with, or be effectively subordinated to, all liabilities of the applicable Guarantor, including trade payables of such Guarantor.

The Sponsor owns the majority of our equity, and its interests may not be aligned with yours.

The Sponsor indirectly owns the majority of the fully diluted equity of Parent and, therefore, has the power to control our affairs and policies. The Sponsor also controls, to a large degree, the election of directors, the appointment of management, the entry into mergers, amalgamations, sales of substantially all of our assets, and other extraordinary transactions. The directors so elected will have authority, subject to the terms of our debt (including the Notes), to issue additional stock, implement stock repurchase programs, declare dividends and make other decisions. The interests of the Sponsor could conflict with your interests. For example, if we encounter financial difficulties or are unable to pay our debts as they mature, the interests of the Sponsor and certain of its affiliates as equity holders might conflict with your interests as a holder of the Notes. The Sponsor may also have an interest in pursuing acquisitions, divestitures, financings or other transactions that, in its judgment, could enhance its equity investment, even though such transactions might involve risks to you as a holder of the Notes.

Additionally, the Sponsor is in the business of making investments in companies and, from time to time in the future, may acquire interests in businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. The Sponsor may also pursue acquisition opportunities that may be complementary to our business and, as a result, these acquisition opportunities may not be available to us.

Additionally, investment funds advised by entities affiliated with the Sponsor may purchase Notes in this offering at a purchase price per Note equal to the issue price set forth on the cover page of this offering memorandum. The purchase agreement between the Issuer and the initial purchasers will not restrict the ability of the funds and the affiliates of the Sponsor to buy or sell the Notes in the future and, as a result, these investment funds and affiliates of the Sponsor may buy or sell Notes in open market transactions at any time following the consummation of this offering.

Holders of the Notes will not be entitled to registration rights, and we do not currently intend to register the Notes under U.S. federal or state securities laws. There are restrictions on your ability to transfer or resell the Notes.

The Notes are being offered and sold pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, and we do not currently intend to register the Notes. The holders of the Notes will not be entitled to require us to register the Notes for resale or otherwise. Therefore, you may transfer or resell the Notes in the United States only in a transaction registered under or exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws, and you may be required to bear the risk of your investment for an indefinite period of time. See "*Transfer Restrictions*." In addition, we will not be subject to the reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "U.S. Exchange Act"), and holders of Notes will only be entitled to receive the information about us specified in "*Description of the Notes—Certain Covenants—Reports,"* including the information required by Rule 144A(d)(4) under the U.S. Securities Act.

We are not providing all of the information that would be required if this offering were being registered with the SEC.

This offering memorandum does not include all of the information that would be required if we were registering this offering of the Notes with the SEC. In particular, this offering memorandum does not comply with SEC requirements regarding the presentation of a ratio of earnings to fixed charges, does not contain certain executive compensation information that would be required in a registered offering and adjusts financial measures that do not comply with IFRS in a manner that may not be permitted in an SEC filing. See "*—We may not achieve all of the expected benefits from the items reflected in the adjustments included in Adjusted EBITDAX and other non-IFRS financial measures*" and "*Non-IFRS Financial Measures*." We urge you to consider this factor in connection with your evaluation of your investment in the Notes.

The Indenture will not be qualified under the Trust Indenture Act and we will not be required to comply with the provisions of the Trust Indenture Act.

The Indenture will not be qualified under the Trust Indenture Act and we will not be required to comply with the provisions of the Trust Indenture Act. Therefore, holders of the Notes will not be entitled to the benefit of the provisions and protection of the Trust Indenture Act except to the extent there are similar provisions in the Indenture.

Your ability to transfer the Notes may be limited by the absence of an active trading market, and an active trading market may not develop for the Notes.

The Notes will be a new issue of securities for which there is no established trading market. We expect the Notes to be eligible for trading by "qualified institutional buyers," as defined under Rule 144A, and certain non-U.S. persons in transactions outside the United States in reliance on Regulation S. The initial purchasers of the Notes have advised us that they intend to make a market in the Notes, as permitted by applicable laws and regulations. However, the initial purchasers are not obligated to make a market in the Notes and, if commenced, may discontinue their market-making activities at any time without notice.

Therefore, an active market for the Notes may not develop or be maintained, which would adversely affect the market price and liquidity of the Notes. In that case, the holders of the Notes may not be able to sell their Notes at a particular time or at a favorable price, if at all. If a trading market were to develop, future trading prices of the Notes may be volatile and will depend on many factors, including:

- the number of holders of the Notes;
- prevailing interest rates;
- our operating performance and financial condition;
- the interest of securities dealers in making a market for them; and
- the market for similar securities.

Even if an active trading market for the Notes does develop, there is no guarantee that it will continue. Historically, the market for non-investment grade debt has been subject to severe disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The market, if any, for the Notes may experience similar disruptions, and any such disruptions may adversely affect the liquidity in that market or the prices at which you may sell your Notes. In addition, subsequent to their initial issuance, the Notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar Notes, our performance and other factors.

Although an application will be made for the Notes to be listed and admitted to trading on the Official List of the Exchange, we cannot assure you that the Notes will be or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Official List of the Exchange, failure to be approved for listing or the delisting of the Notes (whether or not for an alternative admission to listing on another

stock exchange), as applicable, from the Official List of the Exchange may have a material effect on a holder's ability to resell the Notes in the secondary market.

The Notes may not become, or remain, listed on the Official List of The International Stock Exchange, which may have implications for U.K. withholding tax.

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. However, there can be no assurance that the Notes will become or remain listed. If we cannot maintain the listing on the Official List of the Exchange and the admission to dealing on the Official List thereof, or if it becomes unduly burdensome to make or maintain such listing, we may cease to make or maintain such listing on the Official List of the Exchange. Listing of any of the Notes on the Official List of the Exchange does not imply that a public offering of any of the Notes on the Official List of the Exchange has been authorized. No assurance is made as to the liquidity of the Notes as a result of listing on the Official List of the Exchange or another recognized listing exchange for comparable issuers, failure to be approved for listing or the delisting of the Notes from the Official List of the Exchange or another listing exchange may have an adverse effect on a holder's ability to resell Notes in the secondary market.

If the Notes are not listed on the Official List of the Exchange, or cease to be so listed, interest payments made by the Issuer are expected to have U.K. source and, therefore, will generally be paid by the Issuer under deduction of U.K. income tax at the basic rate (currently 20%) if the Notes are not listed (and remain listed) on another "recognized stock exchange" within the meaning of section 1005 of the UK Income Tax Act 2007 or, if not so listed, if relief is not available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty or if any other UK domestic exemption is not available. See "*Tax—Certain United Kingdom Tax Considerations.*" In certain circumstances and subject to certain exceptions, the Issuer and Guarantors (as applicable) will be obliged to gross-up payments on the Notes to ensure that the holders of the Notes receive and retain a net payment equal to the payment which it would have received had no such deduction or withholding for or on account of United Kingdom income tax been required. See "*Description of the Notes—Additional Amounts*."

We will not be subject to the Sarbanes-Oxley Act of 2002 and, therefore, will not be required to provide a management report of our internal controls.

Because we will not register the Notes under the U.S. Securities Act after this offering, we will not be subject to the Sarbanes-Oxley Act of 2002, which requires public companies to have and maintain effective disclosure controls and procedures to ensure timely disclosure of material information, and have management review the effectiveness of those controls on a quarterly basis. The U.S. Securities Act also requires public companies to have and maintain effective internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements, and have management review the effectiveness of those controls on an annual basis (and have the independent auditor attest to the effectiveness of such internal controls). We will not be required to comply with these requirements, and, therefore, we might not have procedures comparable to public companies.

A lowering or withdrawal of the ratings assigned to our debt securities by rating agencies may increase our future borrowing costs and reduce our access to capital.

Our debt currently has a non-investment grade rating, and any rating assigned could be lowered or withdrawn entirely by a rating agency if, in that rating agency's judgment, future circumstances relating to the basis of the rating, such as adverse changes in our business, warrant. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. Credit ratings are not recommendations to purchase, hold or sell the Notes. Additionally, credit ratings may not reflect the potential effect of risks related to the structure, market, additional risk factors discussed herein, and any other factors affecting the value of the Notes.

A suspension, reduction, or withdrawal at any time of any credit rating by one or more of the credit rating agencies could affect the cost and terms and condition of our financings or result in higher borrowing costs. Any future lowering of our ratings likely would make it more difficult or more expensive for us to obtain additional debt financing. If any credit rating initially assigned to the Notes is subsequently lowered or withdrawn for any reason, you may not be able to resell your Notes without a substantial discount.

Any further downgrade in the credit rating of Colombia could adversely affect the Colombian economy.

Colombia's long-term public external indebtedness is currently rated investment grade only by Moody's and Fitch. On May 19, 2021 S&P downgraded Colombia's long-term foreign currency rating from BBB- to BB+ with a stable outlook. On April 1, 2020, Fitch downgraded Colombia's long-term foreign currency issuer default rating to BBB- from BBB with a negative outlook. Moody's has rated Colombia Baa2 since May 23, 2019, and on December 3, 2020, revised Colombia's outlook from stable to negative while maintaining the investment grade rating.

The absence of a structural fiscal adjustment could result in a loss of Colombia's investment grade rating by Moody's and Fitch, which is why the Colombian government presented a new tax reform bill to the Colombian congress on April 15, 2021, aimed at strengthening public finances. Although this bill was withdrawn by the Colombian government on May 2, 2021 due to the discontent of the citizens that resulted in a series of protests nationwide, it is expected that in the near term, the government will reach an agreement on a new bill with different economic sectors and will present a new bill before the Colombian congress.

Ratings address the creditworthiness of Colombia and the likelihood of timely payment of Colombia's long-term debt securities. Colombia's current ratings and the rating outlooks currently assigned to it depend, in part, on economic conditions and other factors that affect credit risk and are outside of Colombia's control, as well as assessments of the creditworthiness of its productive state-owned enterprises. A further decline in the credit rating of Colombia could increase our financing costs and adversely affect results of operations and financial condition.

There can be no assurances that Colombia's credit ratings will be maintained or that they will not be downgraded, suspended or cancelled. Any further credit rating downgrade, suspension or cancellation of such ratings could result in an increase in the sovereign risk premium, which could adversely affect the investment and growth levels in Colombia, negatively affecting the Colombian economy and our results of operations.

Many of the covenants contained in the indenture governing the Notes will not be applicable during any period when the Notes are rated investment grade by any two of Fitch, Moody's and S&P and no default or event of default has occurred and is continuing.

Many of the covenants contained in the indenture governing the Notes will not apply to us during any period when the Notes are rated investment grade by any two of Fitch, Moody's and S&P and no default or event of default has occurred and is continuing under the indenture governing the Notes. These covenants restrict, among other things, our ability to pay dividends, incur debt and to enter into certain other transactions such as changes of control. We cannot assure you that the Notes will ever be rated investment grade, or that if they are rated investment grade, that the Notes will maintain such ratings. However, suspension of these covenants would allow us to engage in certain actions that would not have been permitted while these covenants were in force, which actions may conflict with the interests of the holders of the Notes. Furthermore, the effects of any such actions that we take while these covenants are not in force will be permitted to remain in place even if the Notes are subsequently downgraded below investment grade and the covenants are reinstated. Any subsequent lowering, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Notes.

Under certain circumstances, following a tender offer or offer to purchase the Notes, the Company may, at its option, redeem all of the remaining Notes of non-tendering holders

If, pursuant to any tender offer or other offer to purchase all of the Notes, holders of not less than 90% of the aggregate principal amount of the then outstanding Notes validly tender and do not withdraw such Notes, all of the holders of the Notes will be deemed to have consented to such tender or other offer and the Indenture will permit the Company, or any third party on behalf of the Company, at its option, to redeem the remaining outstanding Notes at a price equivalent to the price paid pursuant to such tender offer or offer to purchase (excluding any early tender premium or similar payment). As a consequence, holders of the Notes may be required to surrender the Notes against their will at a price equivalent to no more than the highest price paid to tendering holders, including if such price is below par, and may not receive the return holders of the Notes expect to receive on the Notes. See "*Description of the Notes—Optional Redemption*."

Certain jurisdictions may impose withholding taxes on payments under the Notes or Notes guarantees or impose foreign exchange restrictions which may alter or reduce the amount recoverable by holders of the Notes.

Payments made under the Notes or the guarantees thereof by the Issuer and the Guarantors in certain jurisdictions may be subject to withholding tax, the amount of which may vary depending on the residency of the recipient, the availability of double-tax treaty relief and the recipient's legal relationship with the relevant Guarantor or Issuer. In certain circumstances, holders of the Notes may be entitled to receive additional amounts in respect of such withholding tax. See "*Description of the Notes—Additional Amounts*." In addition, government or central bank approvals may be required in order for a guarantor organized under the laws of certain jurisdictions to convert local currency into foreign currency to remit payments outside that jurisdiction under its guarantee. In addition, foreign exchange controls applicable in certain jurisdictions may limit the amount of local currency that can be converted into other currencies, including U.S. dollars, upon enforcement of a guarantee.

You may face currency exchange risks or adverse tax consequences by investing in the Notes denominated in currencies other than your reference currency

The Notes will be denominated and payable in U.S. dollar. If you are a pounds sterling, euro or other non-U.S. dollar investor, an investment in the Notes will entail currency exchange-related risks due to, among other factors, possible significant changes in the value of the U.S. dollar to pounds sterling, euro or other relevant currencies because of economic, political or other factors over which we have no control. Depreciation of the U.S. dollar against pounds sterling, euro or other relevant currencies could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments.

There may be tax consequences for you as a result of any foreign currency exchange gains or losses resulting from your investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, owning and disposing of the Notes.

FOREIGN EXCHANGE CONTROLS AND EXCHANGE RATES

Colombian Foreign Exchange Regime

In 1990, Colombia initiated a policy of gradual currency liberalization. Foreign exchange holdings abroad were permitted and, in a series of decrees, control of the exchange rate was shifted from the Central Bank of Colombia to the formal exchange market (*mercado cambiario*). The formal exchange market consists of all foreign exchange transactions that must be mandatorily conducted through foreign exchange intermediaries (i.e., banks and financial entities) or compensation accounts (i.e., offshore bank accounts registered with the Central Bank of Colombia and subject to periodic reporting obligations before the Colombian authorities). Pursuant to article 41of Resolution 1 of 2018, payments between Colombian residents and foreign residents in respect of foreign investments, imports, and exports of goods, foreign indebtedness operations, derivatives and guarantees in foreign currency, must be conducted through the formal exchange market. Furthermore, foreign loans are under foreign exchange control and must be registered before the Central Bank of Colombia and any payment related to the foreign loan as well with the registration has to be transferred using the foreign exchange market.

The other market for foreign exchange operations is the free market (*mercado libre*), made up of all remaining transactions that are not mandatorily traded on the formal exchange market.

Decree 1068 of 2015, together with Resolution 1 of 2018 and Regulation DCIN 83 issued by the Central Bank of Colombia, each as amended from time to time, regulate the manner in which foreign entities and individuals can invest in Colombia and set forth certain procedures regarding the registration of foreign investment in Colombia. Our activities in Colombia are conducted through branches of foreign companies. The initial investment made by foreign companies that establish a branch in Colombia is registered with the Central Bank of Colombia as assigned capital investments (*capital asignado*). Any subsequent investment must be registered as supplementary investment to the assigned capital (*inversion suplementaria al capital asignado*).

Under foreign investment regulations, the failure to report or register foreign investment transactions with the Central Bank of Colombia on a timely basis may prevent the investor from obtaining investment remittance rights. Similarly, late registration of foreign investment transactions may constitute a violation of exchange control regulations and result in the imposition of fines of up to 200% of the amount invested.

In accordance with Resolution 1 of 2018, Law No. 9 of January 17 of 1991 and the Colombian Petroleum Code, Colombian branches of foreign companies which perform oil exploration and exploitation activities as well as branches exclusively dedicated to providing services to the hydrocarbon sector belong to the so-called special foreign exchange regime (unless the branch opts out of the special regime for a period of not less than 10 years). Rules of the special foreign exchange regime prevail over the general exchange regulations. Under this special foreign exchange regime, such branches:

- are permitted to make and receive payments through their home office in foreign currency derived from agreements entered into with other local companies pertaining to the oil and hydrocarbon industry;
- are not entitled to access the formal exchange market to obtain and remit funds in foreign currency, except for (i) the remittance of amounts received in Colombian pesos in connection with the local sale of oil and gas and the services inherent to the hydrocarbon sector rendered in Colombia; (ii) amounts resulting from their liquidation (winding up) or which are part of foreign capital at the time the branch is liquidated and (iii) the conversion of foreign currency sent by the parent company as assigned capital and supplementary investment to the assigned capital to meet the need to make expenditures in local currency;
- cannot incur foreign indebtedness to finance their activities and operations and furthermore, cannot issue or receive guarantees in foreign currency in respect of their activities and operations;
- are permitted to receive payments from clients in foreign currency into accounts held abroad (free market accounts) or such payments can be made directly to the home office, and are not required to repatriate proceeds into Colombia;

- are permitted to treat as supplementary investment to the assigned capital, in kind, including payments of goods and services made through their parent company; and

- are permitted to have a negative balance in the supplementary investment to the assigned capital account.

Colombian law provides that the Central Bank of Colombia may intervene in the foreign exchange market if the Colombian peso experiences significant volatility. Also, even though investment repatriation conditions are those in force on the date on which the corresponding investment is registered and the same may not be modified in any way that may be detrimental to the investor, the Central Bank of Colombia may limit on a temporary basis the remittance of dividends and reimbursement of foreign investments whenever international reserves fall below an amount equal to three months' worth of imports. Since the creation of the current foreign exchange regime in 1991, such action has not been taken. However, we cannot assure you that the Central Bank of Colombia will not intervene in the future, and we may be temporarily unable to convert Colombian pesos to U.S. dollars.

Exchange Rates

We cannot assure you that the Colombian peso will not depreciate relative to other currencies in the future. See "*Risk Factors—Risks Relating to Our Business—Foreign currency exchange rate volatility may affect our financial results.*" On March 31, 2021, the official exchange rate, which reflects the rate for the purchase of U.S. dollars, was Col$3,736.91 to US$1.00. On June 1, 2021, the official exchange rate for the purchase of U.S. dollars was Col$3,715.28 to US$1.00.

	Purchase and Sale Average Rates			
	Low	**High**	**Period Average**	**Period End**
Year Ended:				
December 31, 2020	Col$3,253.89	Col$4,153.91	Col$3,693.36	Col$3,432.50
December 31, 2019	Col$3,072.01	Col$3,522.48	Col$3,281.09	Col$3,277.14
December 31, 2018	Col$2,705.34	Col$3,289.69	Col$2,956.43	Col$3,249.75
December 31, 2017	Col$2,837.90	Col$3,092.65	Col$2,951.32	Col$2,984.00
December 31, 2016	Col$2,833.78	Col$3,434.89	Col$3,050.98	Col$3,000.71
Month Ended				
May 31, 2021	Col$3,655.74	Col$3,846.28	Col$3,741.96	Col$3,715.28
April 30, 2021	Col$3,595.57	Col$3,717.46	Col$3,651.85	Col$3,712.89
March 31, 2021	Col$3,524.62	Col$3,736.91	Col$3,617.00	Col$3,736.91
February 28, 2021	Col$3,515.65	Col$3,624.39	Col$3,552.43	Col$3,624.39
January 31, 2021	Col$3,420.78	Col$3,591.48	Col$3,494.53	Col$3,559.46

Source: Colombian Central Bank

USE OF PROCEEDS

We intend to use the net proceeds from this offering, together with cash on hand, to fund the refinancing of our RBL Facility, to pay the Special Dividend and to pay related transaction fees and expenses, with the remainder to be used for general corporate purposes. The following table summarizes the estimated sources and uses of funds in connection with the Transactions as if the Transactions had occurred on March 31, 2021. The amounts set forth in the table and the accompanying footnotes will vary from actual amounts on the closing date depending on several factors, including differences between our estimate of fees and expenses and actual fees and expenses at the time of the closing of the offering hereby and the Transactions. You should read the following together with the information included under the headings "*Summary—The Transactions*" and "*Capitalization*" included elsewhere in this offering memorandum.

(US$ in millions)

Sources of Funds	Amount	Uses of Funds	Amount
Cash and cash equivalents	$ 119.7	Repayment of RBL Facility[2]	$ 195.0
Notes offered hereby[1]	600.0	Special Dividend[3]	350.0
		Estimated fees and expenses[4]	18.2
		General corporate purposes	156.5
Total sources	$ 719.7	Total uses	$ 719.7

(1) Represents the aggregate principal amount of the Notes offered hereby.

(2) In connection with the Transactions, we will repay in full outstanding borrowings under our RBL Facility. We expect the amount of accrued and unpaid interest to be paid in connection with this repayment of RBL Facility to be approximately US$0.8 million. Upon consummation of the Transactions, we will terminate the RBL Facility.

(3) In connection with the Transactions, we will pay a dividend of approximately US$350.0 million to Holdings, which will, in turn pay a dividend of a like amount to Parent, which will, in turn pay a dividend of a like amount to Flamingo (Jersey) Limited, the direct parent of Parent ("Flamingo Jersey"), in order for Flamingo Jersey to pay such amount as a dividend to Carlyle and our other indirect shareholders.

(4) Represents our estimate of fees and expenses associated with the Transactions, initial purchaser discounts, underwriting and other financing fees, original issue discount and other transaction costs for advisory and professional fees. All fees, expenses and other costs are estimates and actual amounts may differ from those set forth in this offering memorandum. To the extent that actual fees, expenses and other costs exceed our estimates, the amount of proceeds to be used for general corporate purposes would be reduced accordingly.

Certain of the initial purchasers in this offering, or their affiliates, may hold a portion of the RBL Facility and may therefore receive a portion of the proceeds of this offering. See "*Plan of Distribution*."

None of the proceeds of the Notes shall be used in a manner which would constitute a "use of proceeds in Switzerland" (*Mittelverwendung in der Schweiz*), as interpreted by the Swiss Federal tax administration for purposes of Swiss withholding tax, unless and until (i) the Swiss Federal tax administration has confirmed by way of a written tax ruling that any such use of proceeds does not result in Swiss withholding tax consequences or (ii) any such use of proceeds in Switzerland does not result in any Swiss withholding tax consequences under then applicable Swiss taxation laws.

CAPITALIZATION

The following table sets forth, as of March 31, 2021, cash and cash equivalents and capitalization on:

- an actual basis for the Colombian Branches based on the Combined Financial Statements;
- an as-adjusted basis to include cash and cash equivalents and indebtedness held at Holdings as well as the equity invested by Carlyle in connection with the Acquisition;
- a further as-adjusted basis to give effect to the COG Acquisition, including the cash and cash equivalents held at COG and the total shareholders' equity of COG. as derived from COG's unaudited balance sheet not included in this offering memorandum and which has been prepared in accordance with IFRS IASB; and
- a further as-adjusted basis to give effect to (i) the issuance of the Notes offered hereby; (ii) the refinancing and termination of the RBL Facility, (iii) the entry into our New Credit Agreement providing for our New Revolving Credit Facility, (iv) the payment of the Special Dividend and (v) the payment of transaction fees and expenses related to the foregoing.

This table should be read in conjunction with the information presented under the captions "Summary—Summary Historical Financial Information and Other Data," "Summary—The Transactions," "Use of Proceeds" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Combined Financial Statements and related notes included elsewhere in this offering memorandum.

	As of March 31, 2021			
	Colombian Branches	As Adjusted Holdings	As Further Adjusted COG	As Further Adjusted Total
	(US$ in millions)			
Cash and cash equivalents	6.3	112.7	119.7	156.5
Debt:				
RBL Facility(1)	—	195.0	195.0	—
New Revolving Credit Facility(2)	—	—	—	—
Notes offered hereby(3)	—	—	—	600.0
Total debt	—	195.0	195.0	600.0
Net parent investment(4)	932.3	—	—	—
Equity attributable to Holdings(5)	—	374.3	456.3	106.3
Total capitalization	932.3	569.3	651.3	706.3

(1) In connection with the Transactions, we will repay in full outstanding borrowings under our RBL Facility. As of March 31, 2021, Holdings and its subsidiaries had US$195.0 of borrowings outstanding under the RBL Facility and we had unused commitments under the RBL Facility available to them of US$40.0 million (without giving effect to approximately US$13.5 million of letters of credit outstanding). Upon consummation of the Transactions, we will terminate the RBL Facility.

(2) Our New Revolving Credit Facility is expected to provide for commitments of US$80.0 million. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions, we would have had unused commitments under the New Revolving Credit Facility available to us of US$80.0 million (without giving effect to up to approximately US$13.5 million of letters of credit expected to be outstanding on the Closing Date). We do not expect to borrow under our New Revolving Credit Facility on the Closing Date. See "*Description of Our New Revolving Credit Facility*."

(3) Reflects the aggregate principal amount of the Notes and does not reflect the initial purchasers' discount and commissions, any original issue discount or estimated fees and expenses relating to this offering.

(4) Includes investment attributable to non-controlling interests of $19.9 million.

(5) Amount as adjusted reflects the Special Dividend. This amount may be adjusted to the extent that the fees and expenses related to this offering are greater or less than estimated.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*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, including, but not limited to, the risks and uncertainties described in "*Non-IFRS Financial Measures*," "*Forward-Looking Statements*" and "*Risk Factors.*" 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 and the notes thereto included elsewhere in this offering memorandum. 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, including, but not limited to, the risks and uncertainties described in "*Risk Factors.*" Our actual results may differ materially from those contained in or implied by any forward-looking statements.*

*Our production figures are presented on a net entitlement sales volume basis. 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. See "*Business*" for a more detailed discussion of the terms of the agreements governing our interests.*

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 sections entitled "*Presentation of Financial and Other Information*," "*Risk Factors*" and the Combined Financial Statements, including the related notes, appearing elsewhere in this offering memorandum.*

Overview

We are the largest independent E&P company in Colombia based on 2020 gross operated production (referring to the gross production, before working interest, of the licenses we operate or jointly-operate), with full life-cycle capabilities across exploration, development and production. We were founded as a new entity, headquartered in Bogotá, Colombia, to acquire Oxy's onshore business in Colombia in 2020. We believe we acquired a large-scale, well-invested, high quality portfolio with resilient free cash flow generation and which we believe provides significant opportunities to create value.

We own interests in what we believe to be some of the most prolific fields in the Colombian E&P sector, including the Caño Limón area and La Cira Infantas, which benefit from structurally advantaged, industry-leading netbacks due to world-class scale, low transportation costs and high-quality light oil. Our assets have demonstrated a long track record of stable production and cash generation, which we expect to maintain by commercializing our material base of reserves and resources and continuing to grow our reserve life. Our high-margin barrels, efficient reinvestment rates and control over capital expenditures allow us to generate significant amounts of free cash flow through the cycle.

Significant Factors Affecting Results of Operations

Production Volumes

Production volumes are one of our primary revenue drivers. Our production levels also affect the level of our charges for depreciation and certain variable operating costs. Actual production volumes may vary from those estimated or expected due to a range of factors, including temporary interruptions, reservoir performance, higher or lower rates of production or available pipeline capacity. Therefore, caution should be exercised in extrapolating

production levels from one period to another. See "*Risk Factors—Risks Relating to Our Business—The level, quality and production volumes of our oil and natural gas reserves may be inaccurate and our actual reserves and resources may be lower than estimated*."

Our total daily average production on a net entitlement sales volume basis increased by 1.1 kboepd, or 2.9%, to 37.6 kboepd for the year ended December 31, 2020, compared to 36.5 kboepd for the year ended December 31, 2019, primarily as a result of our successful development drilling in the Cosecha license in the Caño Limón area, which more than offset lower production at the La Cira Infantas license driven by lower wells maintenance activity, a higher base decline and lower than expected B sands pilot wells performance.

	Year Ended December 31,	
(amounts in kbopd)	**2020**	**2019**
Cravo Norte	8.5	7.2
Rondón..	2.4	2.9
Chipirón..	2.6	3.4
Cosecha...	9.9	6.2
La Cira Infantas	13.9	16.5
Teca	0.3	0.3
Total	**37.6**	**36.5**

Our oil sales come from the licenses in the Caño Limón area (Cravo Norte, Rondón, Chipirón and Cosecha), the LCI license and the Teca license. Production in the Caño Limón area was transported through the Caño Limón – Coveñas Pipeline and exported during operations in the first half of 2020. During the second half of 2020, production was sold to Ecopetrol under a local sales contract covering the period from July 1, 2020 to June 30, 2021. LCI and Teca oil production was sold to Ecopetrol under local sales contracts.

Crude Oil Prices

Our results of operations are affected by the market price for crude oil that we can actually realize from our sales. Crude oil prices have historically been volatile, are dependent upon the balance between global supply and demand and are particularly sensitive to OPEC production levels. The prevailing prices of crude oil significantly affect our revenues and cash flow generation. In addition, the prevailing price of crude oil may affect the level of our reserves since a decrease in market prices could lead to a reduction in the forecast economic life of a field, which will decrease the volumes that can be economically produced and, therefore, reserves. Further, a decrease in crude oil prices can lead to an impairment of property, plant and equipment as well as exploration and evaluation assets.

Impairment losses were US$67.6 million for the year ended December 31, 2020 mainly related to the impairment of property plant and equipment relating to the Teca license of US$61.7 million.

Brent crude oil prices fell significantly in 2020 and remained relatively depressed throughout most of 2020, reflecting weaker global demand as a result of the global COVID-19 pandemic. Brent crude oil prices began to rebound in the fourth quarter of 2020 and have since continued on a gradual recovery.

Our oil sales are priced using various benchmarks, with Brent crude oil being the principal benchmark. The average Brent crude oil quoted price decreased by 31% from US$64.16 per barrel for the year ended December 31, 2019 to US$43.21 per barrel for the year ended December 31, 2020, as published by Platts. The recovery in crude oil prices since late 2020 has been primarily driven by an increase in the demand for oil as the global economy has gradually recovered from lower levels of activity due to the COVID-19 pandemic. Our oil sales are also affected by West Texas Intermediate ("WTI") crude oil benchmark, which is used as the reference price for adjusting the share percentage between partners in accordance with the underlying adjustment clauses included in certain of our contracts.

Price	**Year Ended December 31,**		**% Change**
	2020	**2019**	
Brent crude oil (US$/Bbl)	43.21	64.16	(33)%
WTI crude oil (US$/Bbl)	39.34	57.04	(31)%

Hedging

We conduct certain hedging activities through Swissco and, as a result, such activities are not reflected on the balance sheets of the Colombian Branches. Although we believe we are less exposed to commodity price volatility than E&P companies with higher costs of production, commodity prices have a significant impact on our results of

operations. We have adopted a conservative hedging program, which covers a portion of oil price exposures and seeks to protect a significant portion of our underlying production revenues, at the post-tax level, from commodity price fluctuations on a rolling basis. Accordingly, we have entered into both commodity price swaps and certain fixed price marketing agreements to hedge a portion of our commodity price risks. The terms of these hedging transactions are designed to match as closely as practicable the underlying pricing structure of physical sales contracts, and the volume of hedges reflects production uncertainties and the fiscal impact of hedging. These hedging arrangement allow us to reduce, but not eliminate, the variability in cash flow from operations due to fluctuations in commodity prices.

Our hedging arrangements provide increased certainty of cash flows for funding our operating and exploration expenses as well as our debt service requirements. These arrangements, however, provide only partial price protection against declines in the market price for crude oil and gas and may partially limit our potential gains from future increases in prices.

Taxation

Taxation has a significant impact on our results of operations. Currently, the Colombian corporate income tax rate is 31%, compared to 32% in 2020 and 30% from 2022 onwards. The corporate income tax is payable in respect of net income before income tax, subject to a presumptive income minimum. A withholding equivalent to the income tax rate applies on dividends distributed from profits not taxed at the corporate level, plus an additional 10% dividend tax after applying the initial withholding rate.

Colombia's value added tax ("VAT") rate is currently 19% for 2020. As a general rule, the sale of goods, import of goods and rendering of services, even if rendered from abroad, trigger VAT at the 19% rate. However, export of goods is exempt from VAT, and as a result the exporter has the right to request a refund of the VAT paid in order to export the goods. For further information, see note 1 to our Combined Financial Statements.

Capital Expenditures

We make and expect to continue to make capital expenditures in our business for the development, production and acquisition of oil and natural gas reserves. The level of capital expenditures has a significant impact on free cash flow and our net debt levels, as well as impacting our tax liabilities.

A number of projects in our key areas of operations have come on-stream in the last two years, benefitting from prior investment and capital expenditure. During the years ended December 31, 2019 and 2020, we invested an aggregate amount of US$244.4 million in capital expenditures. The majority of these investments were made in respect of our Rondón, Chipirón and Cosecha licenses in the Caño Limón area and the LCI license, with more than 100 new development wells and approximately 170 workover projects during this period to restore, maintain, or improve the wells' production in order to maintain overall production. As a result of this capital expenditure, we now benefit from a relatively younger portfolio of assets, requiring low further capital investments and capable of generating significant Free Cash Flow from production of the existing reserves. The material capital expenditures in the Cravo Norte license, relating to development drilling and wells maintenance activity, and the C productive sands in the LCI license, relating to development drilling for the waterflooding process, are largely completed. The key expenditures in the near-term relate to our Rondón, Chipirón and Cosecha licenses in the Caño Limón area, where a number of further development wells are targeted to be drilled.

Capital expenditures (including parts and materials for oil projects) for the year ended December 31, 2020 were US$49.7 million, compared to US$194.6 million for the year ended December 31, 2019.

		Year Ended December 31,	
(US$ in millions)		**2020**	**2019**
Area	**License**		
Bogotá	N.A.	0.6	0.8
Northern Llanos Basin (Caño Limón area)	Cravo Norte	8.8	24.2
	Rondón	1.3	8.7
	Chipirón	0.4	0.8
	Cosecha	16.8	25.2
Middle Magdalena Basin	La Cira Infantas	17.3	99.3
	Teca	4.5	35.7
	Total	**49.7**	**194.6**

The primary reason for the lower capital expenditure during the year ended December 31, 2020 was the significant reduction in development wells drilled compared to the year ended December 31, 2019, as we successfully sought to curtail development activity expenditures and focus on Free Cash Flow generation as a result of the uncertainties posed by the global COVID-19 pandemic:

Contract	2020	2019
	Development	Development
Cravo Norte	6	6
Rondón	-	3
Chipirón	-	-
Cosecha	1	1
LCI	-	98
Teca	-	17
Total wells	**7**	**125**

Exploration and Appraisal Activities

The success or failure of our exploration and appraisal activities will affect the level of our reserves and resources recognized and our future development plans for a particular licensed area, as well as the exploration expense we recognize in any reporting period. Unsuccessful drilling or impairment will result in the recognition of exploration expense charged to net income.

The Colombian Branches made no exploration investments in the year ended December 31, 2020, compared to US$23.5 million of investments in intangible exploration assets for the year ended December 31, 2019, due to our decision to suspend all exploration activity in light of the global COVID-19 pandemic and the resulting decreases in oil prices.

Exploration expenses of the Colombian Branches charged to net income decreased to US$(1.0) million for the year ended December 31, 2020, compared to US$22.9 million for the year ended December 31, 2019. The change in exploration expenses charged to net income was due to the suspension of the exploration campaign in 2020.

The following table summarizes the movement in capitalized exploration drilling expenditure for our key assets for the periods presented.

(US$ in millions)	Chipirón	Cosecha	La Cira Infantas	Putumayo Licenses	Total
Beginning balance for the year ended December 31, 2019	**-**	**2.8**	**7.3**	**-**	**10.1**
Additions to capitalized exploratory well costs pending the determination of proved reserves	8.7	9.4	4.0	20.0	42.1
Reclassifications to property, plant and equipment based on the determination of proved reserves	-	(1.1)	(0.1)	-	(1.2)
Exploratory well costs charged to expense	(8.7)	(7.4)	(6.8)	-	(22.9)
Ending balance for the year ended December 31, 2019	**-**	**3.7**	**4.4**	**20.0**	**28.1**
Additions to capitalized exploratory well costs pending the determination of proved reserves	(0.6)	(0.1)	(0.2)	(18.8)	(19.7)
Reclassifications to property, plant and equipment based on the determination of proved reserves	-	-	-	-	-
Exploratory well costs charged to expense	0.6	0.2	0.2	-	1.0
Ending balance for the year ended December 31, 2020	**-**	**3.8**	**4.4**	**1.2**	**9.4**

Operating Expenditure

Our production costs include the operating expenses of our production facilities, including underlift/overlift, production costs, transportation costs, pre-production costs such as geological and geophysical surveys, the acquisition of seismic data and downhole maintenance.

Operating expenses per boe for the Colombian Branches were US$11.6/boe and US$15.7/boe for the years ended December 31, 2020 and 2019, respectively. The decrease in unit operating costs from 2019 to 2020 was driven by cost reduction measures undertaken by us and other operators, with reduced costs incurred for external service

providers achieved as a result of the downturn in oil and gas prices, in addition to internal cost reduction programs across the organization that were able to improve efficiency and reduce recurring costs.

The following table summarizes the operating expenses per boe for the periods presented.

	Year Ended December 31,	
(US$/boe)	**2020**	**2019**
Operating expenses	11.6	15.7

Oil and Gas Reserves and Depreciation

The depreciation of oil and gas assets charged to our income statement is dependent on the estimate of our oil and gas reserves and the estimated future development costs to bring such reserves into production. We use the units of production method. An increase in estimated reserves will cause a reduction to our income statement charge because a larger base exists on which to depreciate the asset. Correspondingly, a decrease in estimated reserves will cause an increase to our income statement charge.

Internally, we estimate and track our reserves using standard recognized evaluation techniques, which we review internally at least annually. A substantial portion of these estimates are then also periodically reviewed by independent consultants. We estimate future development costs taking into account the level of development required to produce the reserves we have elected to develop by reference to other similar operators, where applicable, reviews by external engineers and our in-house experience, and information provided by the operators of the assets we do not ourselves operate.

Scope of the Combined Financial Statements

The Combined Financial Statements presented herein include the financial results of the three Colombian Branches, all of which are under the common control of Holdings. Repsol owns a 25% interest in SierraCol Arauca, which, at the level of Holdings' financial statements, is presented as below. See *"Presentation of Financial and Other Information—Historical Financial Statements of the Company"* for further detail.

	Year Ended December 31,	
(US$ in millions)	**2020**	**2019**
SierraCol Andina – Colombian Branch............................	880.2	1,044.7
SierraCol Arauca – Colombian Branch............................	73.5	135.1
SierraCol Condor – Colombian Branch	0.2	0.9
Net Parent Investment in the Colombian Branches	**953.9**	**1,180.7**
Investment interest attributable to Repsol	**18.4**	**33.8**
Investment attributable to Holdings	**935.5**	**1,146.9**

Impacts of COVID-19

Management continues to have a reasonable expectation that we have adequate resources to continue in operation and that the going concern basis of accounting remains appropriate. The COVID-19 pandemic and the resulting economic slowdown disrupted global supply and demand for crude oil during 2020. Governments around the world, including in Colombia, enacted emergency measures to combat the spread of the virus, including the implementation of bans, travel and self-imposed quarantines, which decreased demand and increased oil supply. These supply and demand imbalances led the price of Brent crude oil from an average of US$64.16 per barrel in 2019 to US$43.21 per barrel in 2020.

The combination of both demanded an immediate response from our management to protect the cash flow and the continuity of the business, including preserving liquidity and revaluating development projects under the lower price environment. Management's responses included the reductions in capital investment described above, shutting in non-economic production, rescheduling of non-essential works and achieving savings reductions in operating and administrative costs.

Key Components of the Historical Results of Operations of the Colombian Branches

Revenues

Revenues comprise revenues from sales of oil and natural gas as well as other revenues from the use by third parties of certain infrastructure facilities that we own and certain other revenues from the provision of services. Revenues on sales of oil and gas are recognized when control over the goods and services have been transferred to the client. This generally occurs when hydrocarbons are physically transferred into a vessel, pipe, terminal or storage tanks.

In addition, we recognize revenues from the provision of operating services to other oil and gas companies. In its capacity as the operator of the licenses covering the Caño Limón area, SierraCol Arauca provides to Ecopetrol the support, operation and maintenance of equipment and facilities activities for the Pump Station 1, the first pump station of the Caño Limón-Coveñas Pipeline owned by Ecopetrol. This accounted for approximately 0.1% of total revenue during the year ended December 31, 2020.

Cost of Sales

Cost of sales consists of the operating expenses of our production and processing facilities, including wages and personnel costs for operations staff, fuel costs, maintenance expenditures, tariff and transportation expenses for use of third party-owned infrastructure such as pipelines and terminals and insurance. Cost of sales also includes, for certain fields, the cost of purchasing oil products, gas for blending with our own production and the accounting adjustment for the difference between sales volumes and production entitlements (over- or under-lifted production). We have historically recognized adjustments for over- or under-lifted production at cost.

Exploration Expenses

Cost of sales also includes exploration expenses which consist of seismic acquisition and processing costs, license area fees, the costs of unsuccessful exploration and appraisal drilling efforts that are expensed in the period of that determination and other general exploration costs. We have historically expensed exploration costs as incurred, except for the acquisition costs of licenses, which are capitalized as intangible assets, and drilling costs for exploration wells, which are capitalized pending the evaluation of the results of the exploration effort. Costs are charged to the income statement when a determination is made that no resources have been discovered or if their recovery is considered technically or commercially unfeasible).

Depreciation, Depletion and Amortization

Cost of sales also includes depreciation, depletion and amortization which consist of the depreciation and impairments of tangible assets, such as production facilities, production and development wells and related site restoration and decommissioning costs and amortization and impairments of intangible assets, such as exploration wells, concession acquisition costs and other license rights arising from our oil and gas business. Depreciation of oil and gas assets is generally charged on a unit of production basis, as described above in "*—Significant Factors Affecting Results of Operations—Oil and Gas Reserves and Depreciation*." Property, plant and equipment, other than assets related to exploration and production of mineral resources, is depreciated using the straight-line method over their useful lives.

Impairment of Property, Plant and Equipment

Cost of sales also includes impairment losses on other intangible assets and property, plant and equipment. We regularly assess our property, plant and equipment and intangible assets, including our exploration-production assets and licenses, where there is an indication that the carrying amount at which an asset or cash generating unit ("CGU") exceeds its recoverable amount. The carrying amount is the amount at which an asset is recognized in the balance sheet after deducting accumulated depreciation and accumulated impairment losses. The recoverable amount is the higher of such asset or CGU's (i) fair value less costs of disposal and (ii) the present value of the future cash flows expected to be derived from such asset or CGU. Such indications of impairment may be based on events or changes in the market environment, including downward revisions of oil and gas price forecasts, or on internal sources of information, such as estimate of recoverable reserves or future cost levels.

Administrative Expenses

Our administrative expenses consist primarily of costs that are not directly incurred for production or capital projects (including exploration), such as staff employment costs related to corporate functions and selling expenses, office costs and fees for services provided to us. Excluded from administrative expenses are a proportion of the costs of our staff and direct contractors, which are capitalized where they relate directly to projects under development and

the proportion of our general and administration costs which are attributable to operated joint-ventures and thus recoverable in part from our joint venture partners.

Other Expenses

Other expenses includes capital gains, income and expenses, including legal claims contingencies, tax dispute settlements and associated interest.

Financial Expenses

Financial expenses include interest due on debt facilities, unwinding of discounts on long-term provisions, including for such as decommissioning costs, net interest expense on post-employment benefits and other long-term benefits and other financial expenses. The financial expenses of Holdings in respect of the RBL Facility are not recorded in the Combined Financial Statements.

Financial Income

Financial income includes interest earned on loans and receivables at amortized cost, income from available-for-sale securities and other financial income.

Income Tax Expense

Income tax expense includes current taxes and deferred income taxes payable to the government tax authorities. Income tax expense may also include changes in the measurement of deferred tax assets arising from re-assessment of the potential to realize assets against future taxable revenues.

Results of Operations

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

The following table sets forth the various components of the statement of profit or loss and other comprehensive income for the Colombian Branches for the periods indicated.

	Three Months Ended March 31,	
US$ millions	**2021**	**2020**
Revenues	168.8	164.4
Cost of sales	(92.3)	(101.6)
Gross profit	**76.5**	**62.7**
Other income	0.5	1.4
Administrative expenses	(9.5)	(10.2)
Other expenses	(0.2)	(0.7)
Operating income	**67.4**	**53.2**
Financial income	0.0	1.1
Financial expenses	(0.6)	(0.9)
Foreign exchange income	8.5	26.9
Net profit before tax	**75.3**	**80.4**
Income tax expense	(49.4)	(35.2)
Net profit	**25.9**	**45.2**
Comprehensive income	**25.9**	**45.2**

Revenues

During the three months ended March 31, 2021, revenues increased to US$168.8 million, an increase of US$4.4 million, or 2.7%, over revenues for the three months ended March 31, 2020. The increase reflected a recovery in oil prices to US$59.70 per barrel in the three months ended March 31, 2021, from an average price of US$46.42 per

barrel for the three months ended March 31, 2020, representing a US$37.5 million increase partially offset by a US$33.3 million, or 19.4%, decrease in sales volumes for the three months ended March 31, 2021.

Cost of Sales

During the three months ended March 31, 2021, cost of sales decreased to US$92.3 million, a decrease of US$9.4 million, or 9.2% over cost of sales for the three months ended March 31, 2020. The decrease reflected lower maintenance and well services activities in line with lower production.

Additionally, during the three months ended March 31, 2021, exploration expenses totalled US$2.9 million, an increase of US$1.6 million, when compared to the three months ended March 31, 2020. The increase is due to the reactivation of seismic activity program in the licenses in the Putumayo basin following the temporary cessation of exploration and appraisal activity last year due to the global COVID-19 pandemic.

Cost of sales also includes the depreciation, depletion and amortization expense ("DD&A") which, for the three months ended March 31, 2021, was US$42.4 million (US$15.0/boe), a decrease of US$12.1 million when compared to US$54.6 million (US$15.4/boe) for the three months ended March 31, 2020. The decrease is mainly driven by lower production over the period.

During the three months ended March 31, 2021, an impairment of inventory charge of US$0.2 million was recorded due to stock inventory obsolescence.

Administrative Expenses

During the three months ended March 31, 2021, administrative expenses were US$9.5 million, representing a decrease of US$0.7 million, or 6.9%, compared to the three months ended March 31, 2020. Administrative expenses were lower primarily due to a reduction in expatriate personnel headcount.

Financial Income

For the three months ended March 31, 2021, financial income totalled US$0.0 million, a decrease of US$1.0 million when compared to the three months ended March 31, 2020. The decrease is explained by the lower interest income on cash balances.

Financial Expenses

For the three months ended March 31, 2021, financial expenses totalled US$0.6 million, a decrease of US$0.3 million when compared to the three months ended March 31, 2020. The decrease is explained by lower bank expenses due to a lower debit tax as a result of lower capital, operational and general and administrative expenditure.

Foreign Exchange Income

For the three months ended March 31, 2021, foreign exchange income totalled US$8.5 million, a decrease of US$18.4 million when compared to the three months ended March 31, 2020. The decrease is explained by a decrease in cash balances denominated in Colombian pesos as well as the depreciation of the Colombian peso over the period.

Income Tax Expense

For the three months ended March 31, 2021, income tax expense totalled US$49.4 million, an increase of US$14.3 million when compared to the three months ended March 31, 2020. The increase is explained by the depreciation of the Colombian peso during 2020, which generated an increase in the non-monetary balances denominated in Colombian pesos.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table sets forth the various components of the statement of profit or loss and other comprehensive income for the Colombian Branches for the periods indicated.

US$ millions	**2020**	**2019**
Revenues	536.7	769.2
Cost of sales	(430.4)	(428.3)
Gross profit	106.3	340.9
Other income	5.8	0.7
Administrative expenses	(37.0)	(48.4)
Other expenses	(2.3)	(3.8)
Operating income	72.8	289.4
Financial income	4.0	4.5
Financial expenses	(2.3)	(3.4)
Foreign exchange income	7.7	(4.4)
Net profit before tax	82.1	286.1
Income tax expense	(46.4)	(117.1)
Net profit	35.7	169.0
Other comprehensive income	1.5	(1.9)
Comprehensive income	**37.2**	**167.1**

Revenues

During the year ended December 31, 2020, revenues decreased to US$536.7 million, a decrease of US$232.5 million, or 30.2%, from US$769.2 million for the year ended December 31, 2019. The decrease in revenue is mainly due to a 32.4% decrease in the average realized sales prices, to US$39.07/bbl from US$57.80/bbl over the period, representing a US$248.7 million decrease due to lower prices, which was partially offset by a US$16.7 million increase due to higher production.

Cost of Sales

During the year ended December 31, 2020, cost of sales increased to US$430.4 million by 0.5%, from US$428.3 million for the year ended December 31, 2019. Lower oil purchases and the smaller budget in 2020, as a result of the global COVID-19 pandemic and lower commodity price environment, which reduced cost of sales were more than offset by impairment losses.

Exploration expenses, included within cost of sales, decreased to US$4.3 million during the year ended December 31, 2020, a decrease of US$25.3 million, or 85.6%, from US$29.6 million for the year ended December 31, 2019, reflecting our reduced exploratory activity in order to preserve our liquidity as a result of the drop in oil prices.

DD&A for the year ended December 31, 2020 was US$200.0 million (US$14.59/boe), as compared to US$212.4 million (US$15.99/boe) for the year ended December 31, 2019. The decrease is explained by a decrease in the per boe rate as a result of an increase in the balance of reserves that are developed and producing as at December 31, 2020.

Impairment losses increased by US$65.4 million, to US$67.6 million for the year ended December 31, 2020, from US$2.2 million for the year ended December 31, 2019. The increase is caused by the impairment of property, plant and equipment relating to the Teca license of US$61.7 million for the year ended December 31, 2020. We identified the change in the proved oil reserves balance to contingent resources in the Teca license as of December 31, 2020 as the main factor to impair the net book value associated with this asset.

Administrative Expenses

Administrative expenses decreased by 23.5%, to US$37.0 million for the year ended December 31, 2020, from US$48.4 million for the year ended December 31, 2019, primarily due to the depreciation of the Colombian peso by 4.7% over the period as a significant portion of our administrative expenses are denominated in Colombian pesos, as well as the successful implementation of certain cost reductions and optimization programs.

Other Expenses

Other expenses decreased by US$1.5 million, to US$2.3 million for the year ended December 31, 2020, from US$3.8 million for the year ended December 31, 2019. The decrease relates to the reversal of certain provisions related to indemnities provided by Oxy on certain legal disputes as part of the Acquisition, as well as a reversal of overestimated dry hole expenses booked in 2019.

Financial Income

Financial income decreased to US$4.0 million in the year ended December 31, 2020, from US$4.5 million in the year ended December 31, 2019. The decrease relates to lower interest income on cash balances.

Financial Expenses

Financial expenses decreased to US$2.3 million in the year ended December 31, 2020, from US$3.4 million in the year ended December 31, 2019. This was due to lower taxes on financial transactions in Colombia, recorded under financial expenses, as a result of lower capital, operating and general and administrative expenditures during 2020.

Foreign Exchange Income

Foreign exchange income increased to US$7.7 million in the year ended December 31, 2020, from US$(4.4) million in the year ended December 31, 2019, due to an increase in the balances denominated in Colombian pesos and the depreciation of the Colombian peso between both periods.

Income Tax Expense

Income tax expense decreased to US$46.4 million in the year ended December 31, 2020, from US$117.1 million in the year ended December 31, 2019. The decrease is explained by the decrease in revenues and the reduction in the nominal tax rate from 33% to 32%.

Financial Condition, Liquidity and Capital Resources

Cash flows

The following table sets forth the cash flows of the Colombian Branches for the periods indicated.

	Three Months Ended March 31,		**Year Ended December 31,**	
(US$ in millions)	**2021**	**2020**	**2020**	**2019**
Cash Flow Data:				
Net cash provided by (used in):				
Operating activities…………….	67.6	123.8	291.5	342.8
Investing activities …………….	(16.5)	(30.8)	(50.3)	(207.7)
Financing activities ……………	(48.9)	(111.9)	(275.4)	(115.0)

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Operating activities

Net cash provided by operating activities for the three months ended March 31, 2021 was US$67.6 million, a decrease of US$56.2 million, or 45.4%, as compared to the prior year period. This decrease was primarily driven by an acceleration in a payment from Ecopetrol from 2021 to 2020, lowering the trade collection during 2021.

Investing activities

Net cash used in investing activities for the three months ended March 31, 2021 was US$16.5 million, a decrease of US$14.2 million, or 46.3%, as compared to the prior year period. This decrease was primarily driven by lower capital expenditure.

Financing activities

Net cash used in financing activities for the three months ended March 31, 2021 was US$48.9 million, a decrease of US$63.0 million, or 56.3%, as compared to the prior year period. This decrease was primarily driven by lower funds transferred from our parent company (Holdings, following the Acquisition in December 2020) to pay certain expenses and costs during the three months ended March 31, 2021 compared with the same period in 2020.

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Operating activities

Net cash provided by operating activities for the year ended December 31, 2020 was US$291.5 million, a decrease of US$51.3 million, or 15.0%, as compared to the prior year. This decrease was primarily driven by lower revenue due to lower prices, partially offset with lower tax payments in 2020.

Investing activities

Net cash used in investing activities for the year ended December 31, 2020 was US$50.3 million, a decrease of US$157.4 million, or 75.8%, as compared to the prior year. This decrease was primarily driven by lower capital expenditure execution in 2020.

Financing activities

Net cash used in financing activities for the year ended December 31, 2020 was US$275.4 million, a decrease of US$160.4 million, or 139.5%, as compared to the prior year. This decrease was primarily driven by lower funds transferred from the parent company (Oxy, prior to the Acquisition in December 2020) to pay certain expenses and costs in 2020 compared with 2019.

Liquidity

Prior to the Transactions

Following the Acquisition, our primary sources of liquidity consist of cash flows from operations, existing cash balances and funds available under our RBL Facility. Our primary liquidity requirements include capital expenditures for our exploration and production operations, debt service requirements relating to our existing and future debt and costs and expenses relating to the operation of our business and existing contingencies.

Following the Transactions

Following the Transactions, our liquidity requirements will also include servicing the Notes being offered hereby. We expect that our primary source of liquidity will be cash flows from operations and existing cash balances as well as funds available under our New Revolving Credit Facility. We expect that ongoing requirements for debt service and capital expenditures will be funded from these sources of funds.

We anticipate that our cash flows from operations, cash on hand and availability under the New Revolving Credit Facility will be sufficient to fund our liquidity requirements following the Transactions. We will manage our cash balances by utilizing available cash management strategies, which may include intercompany agreements, permitted dividends and hedging. However, our ability to service our indebtedness and to fund our other liquidity requirements will depend on our ability to generate and access cash in the future. This is subject to general economic, financial, contractual, competitive, legislative, regulatory and other factors, some of which are beyond our control, as well as the factors described in "*Risk Factors*."

We or our affiliates may from time to time seek to repurchase or retire the Notes through cash purchases and/or exchanges for debt or equity securities, in open market purchases, privately negotiated transactions, tender offers or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity, contractual restrictions and other factors. The amounts involved may be material.

Capital Expenditure

Capital expenditure, defined as the additions and transfers in cost of buildings, equipments, spare parts and materials oil projects, vehicles, office equipment, computers and communication equipment, oil pipeline and development assets over the relevant period, has historically primarily comprised the costs of developing our oil and gas facilities and exploration and appraisal expenditures, including acquisition of interests in new licenses.

Through focused capital expenditures and investment, we intend to maintain and grow our asset base, as required. We divide our capital requirements into two categories: (i) maintenance capital expenditures and (ii)

development capital expenditures. Maintenance capital expenditures are those made to upgrade or enhance existing production facilities in order to maintain, over the long term, our operating capacity. Examples of maintenance capital expenditures are expenditures to repair, refurbish or replace existing assets, to maintain equipment reliability, integrity and safety and to address environmental laws and regulations. In contrast, we define development capital expenditures are expenditures incurred for investments that we expect will increase or replace naturally declining production levels and add new reserves or resources to replace our production. Examples of development capital expenditures include the expenditures for drilling or connecting additional wells that access new reserves, major increases in recovery rates from our reservoirs, and new fields.

The following table sets forth a summary of our maintenance and development capital expenditures, with capitalized interest, for the periods indicated.

	Three Months Ended March 31,		**Year Ended December 31,**	
(US$ in millions)	**2021**	**2020**	**2020**	**2019**
Maintenance capital expenditure	2.9	5.0	16.9	50.9
Development capital expenditure	12.5	23.9	32.9	143.7
Total capital expenditure	**15.3**	**28.9**	**49.7**	**194.6**

The evolution of our development capital expenditures principally reflect our decisions to sanction new projects. This, combined with the underlying project progress, drives a fluctuation of spend between years.

For the three months ended March 31, 2021, the Colombian Branches spent US$15.3 million on capital expenditures, principally related to development wells. For the year ended December 31, 2020, the Colombian Branches spent US$49.7 million on capital expenditures, principally related to development well workover activities in our fields in the Northern Llanos and Middle Magdalena basins. For the year ended December 31, 2019, the Colombian Branches spent US$194.6 million on capital expenditures, primarily related to development wells and workover activities in the Middle Magdalena basin and workover activities in Northern Llanos basin.

See "*—Significant Factors Affecting Results of Operations—Capital Expenditures*."

Off-Balance Sheet Arrangements

We have a contingent payment payable to Oxy, as the seller in connection with Carlyle's acquisition of us in 2020. See "*Business—Material Agreements Relating to Our Assets—Acquisition Agreement*." Information regarding off-balance sheet arrangements is not included in the Combined Financial Statements as such obligations are reflected in the accounts of Holdings.

We have exploratory commitments to the ANH for the Putumayo, Llanos 39 and Llanos 52 licenses backed by letters of credit amounting to approximately US$13.5 million. The letters of credit guarantee the commitments due under the exploration phase of the underlying contracts.

Recently Issued Accounting Guidance

Information regarding recently issued accounting guidance is included in note 3.17 to our Combined Financial Statements, included elsewhere in this offering memorandum.

Critical Accounting Policies and Estimates

Information regarding critical accounting policies and estimates is included in note 3 to our Combined Financial Statements, included elsewhere in this offering memorandum.

Qualitative and Quantitative Disclosures About Market Risk

Unless otherwise noted, the qualitative and quantitative disclosures about market risk presented below relate to the operations of Holdings and its consolidated subsidiaries.

Commodity Price Risk

Our major commodity price risk exposure is to the prices received for our oil and gas production. Our results of operations and operating cash flows are affected by changes in market prices. Prices received for crude oil and gas are volatile and unpredictable and are beyond our control. We estimate that a hypothetical decrease of 10.0% in the average price per barrel of oil would result in a decrease of US$18.4 million in our oil sales over a given quarter (based of the volume of crude sales of the first quarter recorded in 2021), assuming that we have not entered into any hedging arrangements.

To mitigate a portion of our exposure to adverse commodity price risk associated with our underlying oil and gas business, we enter into a number of derivative instruments through Swissco (and, therefore, the impact of such hedging activities are not reflected on the balance sheets of the Colombian Branches). Such commodity derivatives tend to be priced using benchmarks that correlate to the underlying oil and gas revenues. As of the date of this offering memorandum, we had hedged 75% of our production for the second half of 2021 and 33% 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 US$51 per barrel and US$52 per barrel, respectively. While such derivative contracts do not qualify for hedge accounting, management believes these contracts can be utilized as an effective component of commodity price risk management activities. See "*—Significant Factors Affecting Results of Operations—Hedging*."

We actively hedge post-tax crude and gas volumes to reduce liquidity risk and to optimize availability of the RBL Facility. The RBL Facility requires us to maintain certain minimum levels of commodity hedging for specific periods for specific levels of production. Following the Transactions, we will not be contractually required to maintain such hedging, but expect to maintain a prudent commodity hedging policy. We do not engage in speculative hedging and will not hedge more that 100% of the post-tax crude and gas forecast volumes. Commodity hedging is normally executed over a period of up to three to four years, primarily to protect downside risk, while keeping upside exposure. This is achieved by entering into swaps, put options, put-call collars and other options based strategies with a general preference for using option-based strategies where practicable.

Foreign Currency Risk

We are exposed to foreign currency fluctuations as certain expenditures are incurred in Colombian pesos and U.S. dollars. Most of our operating costs are denominated in Colombian pesos, while revenues are denominated, and paid, in U.S. dollars. This implies that the depreciation of the Colombian peso, which often occurs under lower oil price environments, acts as a natural hedge for our cash flows. We may opportunistically hedge Colombian peso exposure when the Colombian peso de-couples from oil price movements, presenting attractive opportunities for us to lock in depreciation movements. See "*Exchange Rates and Foreign Exchange Controls*."

Credit Risk

We are exposed to counterparty risk from customers, suppliers, partners, intermediaries and banks with respect to our operating and financing activities, as such parties may be unable to honor their contractual obligations. Counterparty risk results from a combination of payment risk (e.g. failure to pay for services or deliveries carried out), delivery risk (e.g. failure to deliver services or productions paid for) and the risk of replacing contracts in default, or mark-to-market exposure (i.e., the cost of replacing the contract in conditions other than those initially agreed). Credit risks related to trade receivables are analyzed, monitored and managed. We also have policies in place that set out a framework for credit exposures with banks and other financial institutions. As a result, we do not believe that we have a history of significant exposure to credit effects or related losses.

We are also exposed to credit risk arising from investments of surplus cash and from our use of derivative financial instruments. In the case of financial instruments, counterparty risk arises on instruments with a positive fair value. Counterparty risk is taken into account when calculating the fair value of these derivatives.

Liquidity Risk

Liquidity risk refers to the risk that we will not be able to obtain sufficient financing from lenders and the capital markets to meet our operating and project financing and refinancing requirements. We monitor our liquidity risk by reviewing our cash flow requirements on a regular basis relative to our funding sources, cash flow generation from our producing asset base and our existing bank facilities. Specifically, we ensure that we have sufficient liquidity or committed facilities to meet our operational funding requirements and service our debt and adhere to our financial covenants. We closely monitor and manage our liquidity requirements through the use of both short-term and long-

term cash flow projections, supplemented by maintaining debt financing plans and active portfolio management. Cash forecasts are regularly produced and sensitivities run for different scenarios including, but not limited to, changes in commodity prices, different production rates from our portfolio of producing fields and potential delays in development projects. In addition to our operating cash flows, portfolio management opportunities are reviewed to potentially enhance our financial capacity and flexibility.

Interest Rate Risk

Interest rate risk refers to the risk that market interest rates will increase, resulting in higher borrowing costs under our bank borrowings, all of which currently have floating interest rates. We have historically managed interest rate risk resulting from certain variable-rate indebtedness held on the balance sheet of Holdings, and are therefore not reflected in the Combined Financial Statements, using certain financial derivative instruments. We may be affected by changes in market interest rates at the time we need to refinance any of our indebtedness. Assuming that our New Revolving Credit Facility is fully drawn (which drawings will bear interest at a floating rate), each one-eighth percent change in interest rates would result in a US$100,000 change in annual interest expense on the indebtedness under our New Revolving Credit Facility.

INDUSTRY AND MARKET DATA

Certain information in this section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by governmental and professional organizations, consultants and analysts. Certain projections and other information set forth in this section have been derived from external sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We believe that these industry publications, surveys and forecasts are reliable, but we have not independently verified them and cannot guarantee their accuracy or completeness.

Colombian Crude Oil and Natural Gas Industry

Colombia has encouraged crude oil and gas exploration since the late 1800s and first recorded a commercial discovery in 1918. Notwithstanding past historical political and social instability, the country has always remained open to private investment and the Colombian government has consistently encouraged domestic and foreign participation in new exploration and production projects through periodic upgrades of the country's regulatory framework and the introduction of E&P contracts that meet international standards.

Prior to the enactment of Law 20 of 1969, Colombia had a concession system for the exploration and exploitation of hydrocarbon resources granted by the Colombian State. After the enactment of Law 20 of 1969 and Decree 2310 of 1974, the concession system was abolished and the Colombian State assigned Ecopetrol the task of exploring, extracting and producing hydrocarbons in Colombia, either directly or through association contracts, and of regulating the Colombian oil & gas industry.

In 2003, by means of Decree 1760 of 2003, the oil and gas regulatory regime in Colombia was reformed to make it more competitive. As a consequence of the reform, the ANH was formed and assumed responsibility from Ecopetrol for the regulation and administration of the Colombian oil and gas sector, with Ecopetrol's activities focused on the commercial exploration and production of hydrocarbons.

That year, Ecopetrol became a joint-stock company, 100% owned by the government of Colombia. In 2006, the Colombian Congress authorized the initial public offering of Ecopetrol. In November 2007, Ecopetrol made its initial public offering on the Colombian Stock Exchange and, in September 2008, it listed its American Depositary Shares on the New York Stock Exchange. In April 2013, Ecopetrol completed the transfer of its hydrocarbon transport and logistics assets to a wholly-owned subsidiary, CENIT.

The ANH established a new oil and gas contracting framework, encouraging foreign participation in new exploration projects through the introduction of E&P contracts that met international standards and offering industry participants the undeveloped and unlicensed exploration areas in the country. Among the new oil and gas agreements introduced by the ANH were E&P contracts, where 100% of production flows to the producing company, which is then charged a sliding-scale royalty rate that is lower than the previous framework and differentiated across the various type of contracts. The ANH also introduced Technical Evaluation Agreements ("TEAs"), pursuant to which companies are awarded longer exploration licenses and a right of first refusal to evaluate exploration acreage by proposing work commitments, providing them low-cost access to larger areas for preliminary evaluation prior to committing to broader exploration programs. These two contractual improvements provided clear rules for industry participants and reduced the cost of doing business, resulting in a significant increase in Colombian exploration and production activity and competition among industry participants.

Since its creation in 2004 and until 2020, the ANH has carried out 11 oil and gas licensing rounds covering different types of licenses (e.g., mature and prospective, large and small, onshore and offshore, conventional and unconventional) and covering nearly all basins across Colombia. A total of 517 E&P and TEA contracts have been signed through December 31, 2020.

In 2020, the ANH introduced a series of measures aimed at counteracting the impacts from the COVID-19 pandemic and the low oil price environment on the oil and gas industry in Colombia. These measures included, among others, extensions in deadlines for mandatory capital commitments related to exploration activities, mutually

agreed extensions for undertaking additional exploratory activities, and easing of conditions related to bank guarantees and letters of credit.

In March 2021, the ANH carried out the pre-launch presentation of the fourth cycle of its recurring licensing rounds (*Proceso Permanente para la Asignación de Areas* ("PPAA")), which included 32 oil and gas areas to be offered for tendering. In connection with this newest cycle, the ANH announced a number of innovations, which, among others, included a simplified contractual model, the release and redefinition of areas in the land map, free access to information packages through virtual datarooms, the adoption of block-chain technologies, time slots available for interaction with the industry, and the review of the qualification criteria for exploration and production.

As a result of these changes, Colombia today is one of the most attractive oil and gas markets in Latin America. Based on data from the Central Bank of Colombia, foreign investment in the oil and gas sector in Colombia grew from US$495 million in 2004 to US$4.7 billion in 2014, the oil and gas industry accounted for approximately 12% of the total foreign direct investment in the country in 2020 (19% in 2019) and the mining and E&P sectors together accounted for 4% of the Colombian GDP (5% in 2019). Oil is currently Colombia's leading export, representing approximately 28% of the country's exports in 2020 (40% in 2019) and provides a critical source of US dollars to the country. Most of Colombia's oil exports are to the United States, making it one of the five largest suppliers of foreign crude oil to the United States in recent years.

According to the Asociación Colombiana de Petróleo, there were 42 oil and gas companies operating in Colombia as of December 31, 2020. In addition to SierraCol, notable oil and gas companies with interests in Colombia include Frontera Energy, Hocol, GeoPark, Gran Tierra, Parex, Compañía Española de Petroleos (CEPSA), Repsol, Emerald Energy, Perenco and VETRA, among others.

Geology and Infrastructure

Together with Venezuela and parts of Ecuador, Colombia shares the La Luna crude oil-source rock, which is one of the most prolific in the world. Based on information from the ANH, Colombia has 23 sedimentary basins. The main oil-producing basins include the Llanos, Middle Magdalena and Upper Middle Magdalena, which accounted for approximately 95% of Colombia's production in 2020.

Colombia's oil distribution infrastructure system is comprised of over 7,000 km of pipelines, primarily located in the northwest and center of the country. This system is focused on the transportation of oil from the main producing basins via a central hub at Vasconia to Colombia's export terminal at the Port of Coveñas on the Caribbean coast. The country's largest storage terminals are also located along the coast. Most of these pipelines were constructed by the country's main crude oil and gas producers to transport production from their fields. Currently Colombia has seven major crude oil pipelines, six of which directly or indirectly connect production fields to the Port of Coveñas. Given that exploration and production activities are concentrated in the Llanos and Middle Magdalena basins, transportation systems running from the Llanos basin to export terminals are likely to continue to remain strategic to crude oil companies in Colombia.

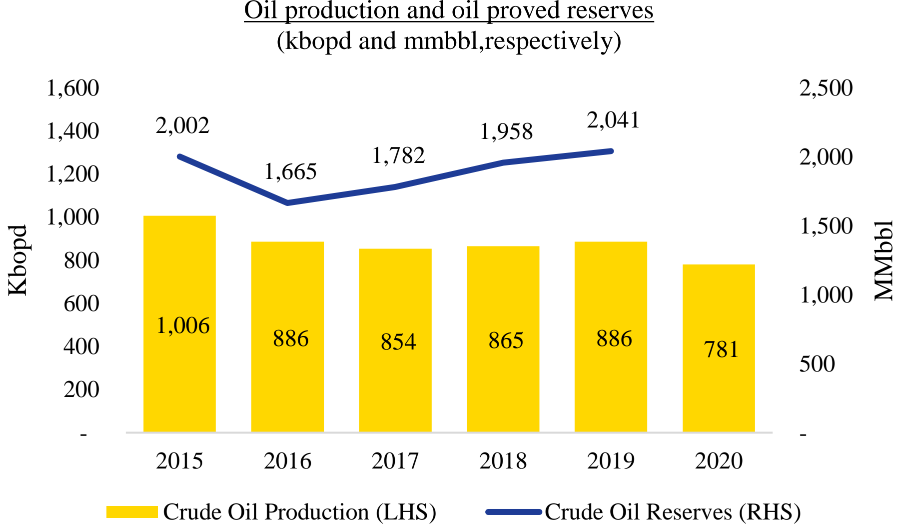
The Cartagena and Barrancabermeja refineries are Colombia's largest refineries and together account for the majority of domestic fuel production. In 2016, the Cartagena refinery resumed operations after the conclusion of an expansion and modernization project that increased its capacity by 85 kbopd to a total of 150 kbopd currently. The Barrancabermeja refinery was built for the purpose of refining the La Cira Infantas oil, making our crude a first choice to its refining operation. As part of its 2021 to 2023 investment program, Ecopetrol is pursuing an expansion and modernization project of its Barrancabermeja refinery aimed at improving water conservation, reducing emissions and increasing the quality of fuels.

Reserves and Production of Crude Oil and Gas

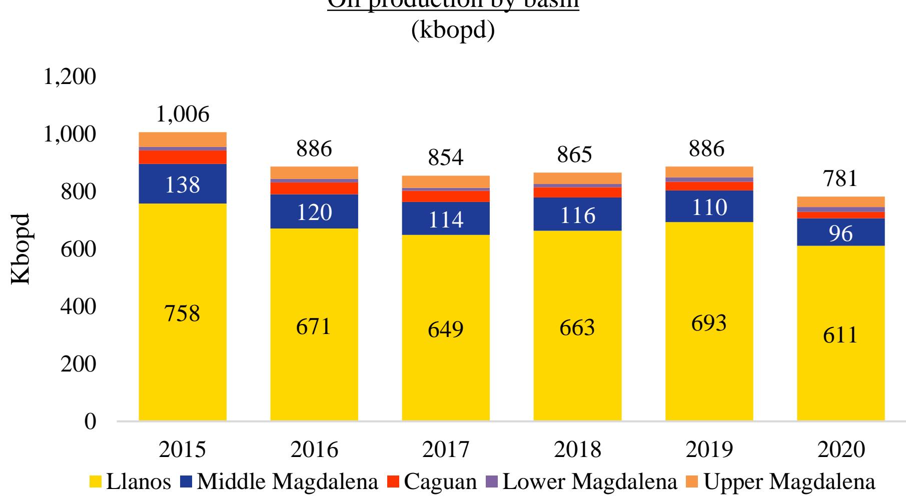
According to the U.S. Energy Information Administration, as of December 31, 2020, Colombia is the third largest crude oil producer and the sixth largest holder of proven crude oil reserves in South and Central America. According to the ANH, as of December 31, 2019, Colombia had 2.0 billion barrels of proven crude oil reserves and its crude oil production reached 781 kbopd in 2020. In 2015, oil production had reached an all-time high of 1,006 kbopd.

In 2020, Ecopetrol and its subsidiaries accounted for approximately 63% of total oil production in Colombia. The rest of the production comes from independent producers and the local subsidiaries of international oil companies.

The charts below present the evolution of Colombia's crude oil production and reserves for the periods indicated:



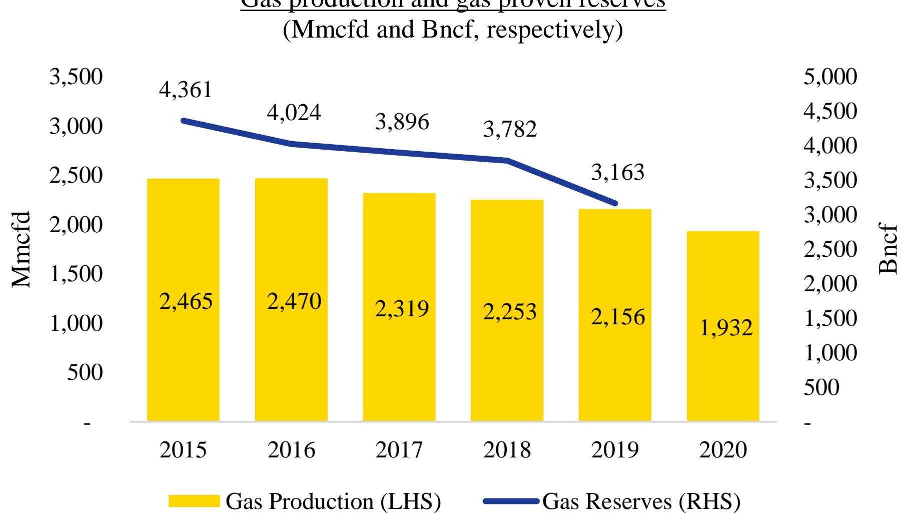
Source: ANH.



Source: ANH.

According to the ANH, as of December 31, 2019, Colombia had 3.2 trillion cubic feet of proven gas reserves, and its gas production reached 1,932 million cubic feet per day ("mmcfpd") in 2020. Gas production reached an all-time high in 2016 at 2,470 mmcfd.

The chart below presents the evolution of Colombia's gas production and reserves for the periods indicated:



Source: ANH.

Colombia Royalty Framework

Royalties are payable when there is production in a license that is subject to a TEA contract or an E&P contract.

According to article 16 of Law 141 of 1994, as amended by Law 756 of 2002 and regulated by Decree 4923 of 2011, among others, the exploitation of crude oil is subject to royalties to be calculated on a field-by-field basis using a sliding scale that ranges from 8% (for incremental production up to 5,000 bpd) up to a maximum of 25% (for incremental production above 600,000 bpd) as illustrated below:

Production (bopd) Royalty Rate

Production	Royalty Rate
Up to 5,000	8%
5,001 to 125,000	8% – 20%
125,001 to 400,00	20%
400,001 to 600,000	20% – 25%
Greater than 600,000	25%

According to Article 16 of Law 141 of 1994, as amended by Law 756 of 2002 and regulated by Decree 4923 of 2011, among others, for new discoveries of heavy oil, classified as those with an API equal to or less than 15°, the royalties will be 75% of the royalty rates presented above for light and medium oils. In the case of natural gas, the royalties will be 80% of the royalty rates presented above for the exploitation of fields onshore and of fields offshore at depths less than or equal to 1,000 feet, and 60% for the exploitation of offshore fields at depths exceeding 1,000 feet.

According to articles 49 and 50 of Law 141 of 1994, as amended by Law 756 of 2002 and regulated by Decree 4923 of 2011, among others, contracts that declared a commercial discovery before the issuance of the Colombian Constitution of 1991 pay a different royalty rate. Initially, the association contracts executed with Ecopetrol stated a fixed percentage of 20%. For areas in production under Law 141 of 1994, the percentage applicable as royalty is between 8% and 25%, respectively.

Exploration and production contracts set forth the ANH's economic rights regarding the license, including windfall profits taxes or other additional economic participation rights. The ANH is entitled to an additional

economic participation right (or windfall profit tax) when a license has produced an aggregate in excess of 5.0 mmbbl, and in the event that the price of the benchmark crude "West Texas Intermediate" exceeds the base price set forth in the contract (or in Accord 002 of 2017, for future contracts), which varies depending on the quality of the oil.

For gas, the windfall profits tax is paid when gas production reaches five years and is destined for export, and the benchmark price "U.S. Gulf Coast Henry Hub" exceeds the base price provided for in the exploration and production contract. As per Accord 002 of 2017, windfall profit tax for gas production applies in cases in which the production of gas reaches five years as from the declaration of commerciality, and in the event that the average sales price for the relevant calendar month exceeds the base price set forth in Accord 002 of 2017.

BUSINESS

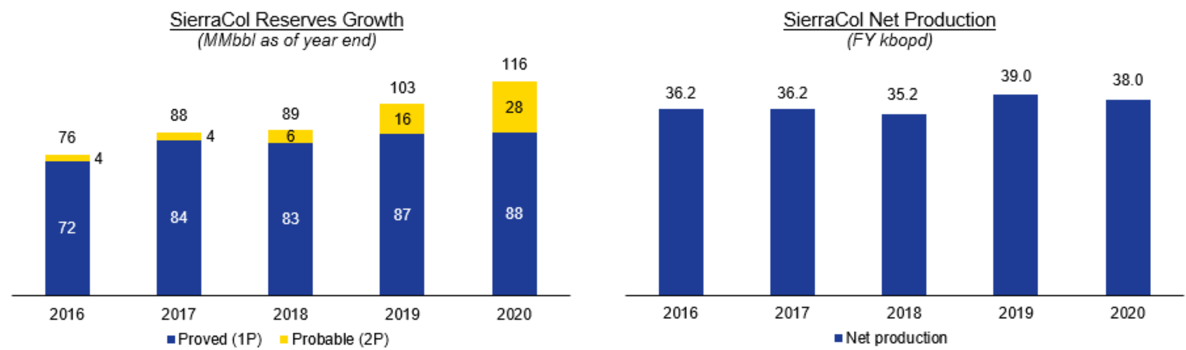
Our Company

We are the largest independent E&P company in Colombia based on 2020 gross operated production (referring to the gross production, before working interest, of the licenses we operate or jointly-operate), with full life-cycle capabilities across exploration, development and production. We were founded as a new entity, headquartered in Bogotá, Colombia, to acquire Oxy's onshore business in Colombia in 2020. We believe we acquired a large-scale, well-invested, high quality portfolio with resilient free cash flow generation and which we believe provides significant opportunities to create value.

We own interests in what we believe to be some of the most prolific fields in the Colombian E&P sector, including the Caño Limón area and La Cira Infantas, which benefit from structurally advantaged, industry-leading netbacks due to world-class scale, low transportation costs and high-quality light oil. Our assets have demonstrated a long track record of stable production and cash generation, which we expect to maintain by commercializing our material base of reserves and resources and continuing to grow our reserve life. Our high-margin barrels, efficient reinvestment rates and control over capital expenditures allow us to generate significant amounts of free cash flow through the cycle.

For the year ended December 31, 2020, we produced 38.0 kbopd (100% oil), of which 1.8 kbopd was attributable to COG, and generated US$287 million of Free Cash Flow. As of December 31, 2020, we had 2P reserves of 116 mmbbl (100% oil) with a net present value of US$1.7 billion, of which 21 mmbbl was attributable to COG with a net present value of US$241 million, and total contingent resources of 364 mmboe (of which 115 mmboe is 2C resources), of which 65mmboe was attributable to COG. Our diversified asset base is spread across twelve producing licenses (including 2 currently idle) and eight exploration licenses in the Llanos, Middle Magdalena and Putumayo basins. Our production today comes from over 1,500 producing wells across 29 producing fields, with very distributed subsurface and surface risk and limited technology risk due to production being generated from well-understood, conventional onshore reservoirs. We operate or jointly-operate 100% of our production and, in 2020, we operated or jointly-operated 88.2 kbopd of gross production (of which 2.0 kbopd was attributable to COG), which is the highest in country aside from Ecopetrol. Our control over capital expenditure, in particular, allows us to maintain resilience through the commodity price cycle.

The graphs below illustrate how we grew our oil reserves year-on-year while keeping our production stable. For purposes of the SierraCol Reserves Growth chart, the COG Acquisition is assumed to have occurred in 2020.



We retained the strong local management team that Oxy had in place prior to our acquisition, which we supplemented with additional expertise, including Chairman Tony Hayward, who has over 39 years of industry experience and invaluable knowledge of the Colombian E&P sector. We are backed by funds advised by Carlyle.

The following map shows the licenses in which we have a working interest as of the date of this offering memorandum.

The following table sets forth certain information about our licenses.

License	Working Interest	Operator	Basin	Stage	Area (km²)	Reserves (Net) (mmbbl)		NPV10 (USDm)		Resources (Gross) (mmboe)	2020 Production (kbopd) (Net)
						1P	2P	1P	2P	2C	
Cravo Norte[1]	45%	SierraCol	Northern Llanos	Production	40	10	12	193	210	9	7.5
Chipirón[1]	70%	SierraCol	Northern Llanos	Production	227	2	3	60	78	2	2.6
Rondón[1]	50%	SierraCol	Northern Llanos	Production	101	2	2	48	55	4	2.4
Cosecha[1]	70%	SierraCol	Northern Llanos	Production	698	10	15	283	413	3	9.9
Caño Limón Area Sub-Total		**SierraCol**	**Northern Llanos**	**Production**	**1,066**	**24**	**32**	**584**	**755**	**18**	**22.4**
La Cira Infantas	48%	SierraCol / Ecopetrol[3]	Middle Magdalena	Production	189	51	62	556	684	74	13.8
Rio Verde	100%	SierraCol	Central Llanos	Production	23	5	10	44	95	-	1.2
Alcaravan	100%	SierraCol	Central Llanos	Production	96	2	3	14	42	-	0.6
Los Hatos	100%	SierraCol	Central Llanos	Production	1	1	1	8	9	-	0.0
Llanos 23	100%	SierraCol	Central Llanos	Production	466	3	4	28	50	-	-

License	Working Interest	Operator	Basin	Stage	Area (km²)	Reserves (Net) (mmbbl) 1P	2P	NPV10 (USDm) 1P	2P	Resources (Gross) (mmboe) 2C	2020 Production (kbopd) (Net)
Bolivar	100%	SierraCol	Middle Magdalena	Production	82	2	4	7	45	23	-
Bocachico	100%	SierraCol	Middle Magdalena	Production	221	-	-	-	-	-	-
Mecaya	50%	GeoPark	Putumayo	Exploration	300	-	-	-	-	-	-
Terecay	50%	GeoPark	Putumayo	Exploration	2,374	-	-	-	-	-	-
Tacacho	50%	GeoPark	Putumayo	Exploration	2,384	-	-	-	-	-	-
Putumayo-8	50%	GeoPark	Putumayo	Exploration	416	-	-	-	-	-	-
Putumayo-9	50%	GeoPark	Putumayo	Exploration	491	-	-	-	-	-	-
Putumayo-36[(2)]	50%	GeoPark	Putumayo	Exploration	599	-	-	-	-	-	-
Llanos 39	50%	SierraCol	Northern Llanos	Exploration	605	-	-	-	-	-	-
Llanos 52	48%	SierraCol	Northern Llanos	Exploration	353	-	-	-	-	-	-
TOTAL					**9,668**	**88**	**116**	**1,241**	**1,680**	**115**	**38.0**

(1) Our Cravo Norte, Chipirón, Rondón and Cosecha licenses are collectively referred to as the "Caño Limón area" throughout this offering memorandum. The 1P and 2P "Gross" amounts presented above for the Caño Limón area are derived from the "Company Gross" amounts presented in the D&M Report.

(2) Putumayo-36 has been included though the completion of its acquisition from Oxy remains subject to approval from ANH.

(3) We are joint operator in La Cira Infantas, operating capital expenditure while Ecopetrol manages operating expenditure.

Note: Teca has been excluded as its operations are currently limited to care and maintenance and are not expected to be part of our future growth strategy.

Our Strengths

We are an independent E&P company headquartered in Bogotá, Colombia, with operations that extend over an acreage of approximately 9,670 km² across the Llanos, Middle Magdalena and Putumayo basins in Colombia. We believe that we benefit from the following competitive strengths:

Largest independent oil producer in Colombia with a high-quality portfolio of well-understood assets, low sub-surface risk and a successful track record of stable operation

We operate or jointly operate 88.2 kbopd, which represents approximately 11% of Colombia's total daily oil production and makes us the largest independent oil producer in the country by gross operated production. Our average net production after royalties was 38.0 kbopd for the year ended December 31, 2020, which makes us the third largest independent oil producer in Colombia by this metric.

Our portfolio includes two of Colombia's most prolific assets: the Caño Limón area, a world-class reservoir that gained Colombia its status as a net oil exporter worldwide following its discovery in 1983, and La Cira Infantas, Colombia's oldest oil field, having been in production for over 100 years and with significant reserves still to be produced and developed.

As of December 31, 2020, we had 2P net reserves after royalties of 115.6 mmbbl, of which 76% are 1P reserves. Our total reserves and resources provide us with the opportunity to grow our production efficiently for an extended period of time. As of December 31, 2020, our average R/P ratio was 8.5 years. We discovered and matured

approximately 50% of our reserves in the last three years, validating the longevity of our portfolio. We have a successful track record of reserve replacement, with our RRR averaging 147% in the last five years, combined with a systematic increase of our R/P ratio over this period from 5.5 years in 2016 to 8.5 years currently.

We operate a large portfolio, comprised of twelve producing licenses (including two currently idle) and eight exploration licenses, that is well diversified in terms of basins, distinct geological plays and development schemes that range from primary recovery to enhanced recovery. We currently operate a significant base of over 1,500 producing wells across 29 producing fields, which reduces our risk of dependency on a single well or field and provides us with significant data on the behavior and characteristics of our many producing reservoirs.

The recent COG Acquisition complemented our portfolio by adding 21.3 mmbbl of 2P reserves to our Company's total of 94.3 mmbbl as of December 31, 2020, and 1.8 kbopd of net production after royalties to our Company's total of 36.2 kbopd in 2020. The acquisition of COG provides us with additional near-term drillable upside opportunities, and we expect to be able to accelerate the development of its portfolio of reserves and resources to increase production. COG also provides us with a new operating hub in the Central Llanos and, we believe, provides a cost synergy opportunity of approximately US$5 million per year, which we plan to realize over the course of the next few months as the assets can be integrated quickly and efficiently.

As opposed to US shale assets, our conventional portfolio has lower subsurface risk, lower decline rates, lower reinvestment rates and less dependence on costly, complex technologies, which delivers highly cash-generative production. Altogether, we believe that the robust data and knowledge acquired over 40 years of production significantly de-risks our future performance. All wells are drilled and completed with conventional methods using well-established technologies, and a very large number of wells have been drilled in all areas of operations, leading to excellent subsurface knowledge.

Our assets are structurally advantaged due to scale, high-quality oil and low transport costs, leading to industry-leading profitability

We benefit from several structural advantages in our asset base that we believe cannot be easily replicated by our peers, which has allowed us to realize average industry-leading netbacks of US$27/bbl in 2020 versus our peers, which had an estimated realized average netback of US$15/boe in 2020. Realized average netback is defined as Adjusted EBITDAX divided by annual production.

As evidenced by our industry leading gross operated production levels, our fields are among the most prolific upstream assets in Colombia and operate at a world-class scale. This leads to economies of scale in operations and reinvestment rates, as well as significant optionality to create value as we continue to recover oil from these assets with significant available reserves.

Production from our portfolio is 94% high-quality oil, with API ranging between 25 and 35 and low sulfur, allowing us to capture industry-leading realized oil prices through lower quality discounts than other heavier crudes in Colombia. During 2020 our realized oil price, net of royalties, was US$39/bbl, compared, for example, to our peers, which had an estimated average realized price of US$32/bbl during 2020.

Due to the historical importance of our assets in Colombia, critical transport infrastructure was built in close proximity to our fields, reducing our need to incur costly capex investments and minimizing our commercialization risk. As a result, we have been able to secure highly favorable commercial terms with relevant players like Ecopetrol. Our transport costs of US$1/bbl in 2020 are industry leading in Colombia, where our peers had estimated average transportation costs of US$6/boe in 2020.

Given the strategic relevance of our crude to Ecopetrol, Colombia's national oil company, we have offtake agreements in place with them for 95% of our production. The remainder of our crude, produced from COG's assets, is purchased by BP. Our offtake agreements can be renewed every one or two years and, during our last renewals in September 2020 and May 2021, we were able to further improve terms. Also, these agreements have allowed us to focus our efforts on enhancing production and exploration operations, while transferring a significant portion of the commercialization risk to our investment-grade offtakers and long-standing partners, Ecopetrol and BP.

Oil produced from La Cira Infantas is delivered to Ecopetrol at the El Centro pipeline station and, from there, to Ecopetrol's Barrancabermeja refinery. The Barrancabermeja refinery, one of Colombia's top two refineries, was designed to operate with a crude oil diet based on a quality similar to our La Cira Infantas's production, making our crude a first choice to its operation. As a result of the offtake agreement with Ecopetrol and our proximity to the Barrancabermeja refinery, we enjoy minimal transportation costs for La Cira Infantas of US$0.1/bbl.

Production from the Caño Limón area is evacuated via the CLC pipeline, which is operated by Ecopetrol's subsidiary CENIT, where we have reserved transportation capacity of 60 kbopd at a preferential tariff. Our Company has the right to use the CLC pipeline for the life of our operations in the Cravo Norte license, regardless of the offtaker as we initially built the pipeline and later sold it to CENIT. In addition to the CLC pipeline, we also have access to the Bicentenario pipeline as an alternative evacuation route and have built redundant strategic storage capacity, which provides us with operational flexibility to support continuity of our commercial operation.

Robust cash flow generation underpinned by stable production base, low and flexible capital requirements, and structurally higher netbacks than peers

Our portfolio has delivered stable production and high cash generation through the crude price cycle. We have been able to generate an average of US$181.5 million in annual Free Cash Flow from 2016 through 2020.

	Units	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Brent	**$/bbl**	45	55	72	64	43
Net Production	**kbopd**	36.2	36.2	35.2	39.0	38.0
Adjusted Capex	**US$m**	72.5	174.5	224.2	158.9	45.3
Free Cash Flow	**US$m**	155.4	203.4	123.3	138.2	287.0

Our cash flow has been resilient, despite the volatility of crude prices, thanks to the stable production performance from our well-understood fields and discretion over our expansion capital deployment.

Given the diversity and longevity of our asset base, we have been able to deliver a historically stable net production after royalties ranging between 35.2 and 39.0 kbopd over the past five years.

We operate, or jointly operate, 100% of our production, which gives us the ability to deploy capex at our discretion in line with oil price performance. Historically, approximately 78% of our capital expenditure was discretionary in nature, comprised of small ticket, modular investments with fast payback cycles. More recently, through this strategy we were able to mitigate the impact on cash flow generation from the drop in crude prices brought by the COVID-19 pandemic by reducing capital expenditures by approximately 68% versus our budget during 2020, the majority of which we were able to remove within one month. As a result, we were able to generate US$287.0 million in Free Cash Flow in 2020, which compares to US$138.2 million in 2019, despite significantly lower average Brent crude prices in 2020 versus 2019 ($43/bbl vs. US$64/bbl, respectively).

We have been able to generate high cash flow thanks to industry-leading netbacks and low maintenance capex requirements.

We have the highest operating netbacks, defined as Adjusted EBITDAX divided by annual production, among Colombian producers, thanks to higher realized crude prices, low operating break-evens and advantaged transportation costs. Production from our portfolio is 94% high-quality oil, with API ranging between 25 and 35 and low sulfur, allowing us to capture higher realized oil prices through lower quality discounts than other heavier crudes in Colombia. During 2020, our realized oil price was industry leading at US$39/bbl, compared, for example, to our peers, which had an estimated average realized price of US$32/bbl during 2020. Our break-even point, defined as operating expenditure plus G&A plus transportation costs divided by annual production, was US$14/bbl for each of the years ended December 31, 2019 and 2020, and we achieved an operating netback of US$27/bbl in 2020, which is approximately 74% higher than the estimated average of other operating companies in Colombia.

While we already deliver strong netbacks, we believe we have further room to increase free cash flow generation through a rigorous oversight of our cost base. The actions that we have planned for the near term to deliver the reduction of our cost base include optimizing our G&A following the carve-out from the Oxy portfolio and realizing synergies from our recent COG acquisition.

We also have low maintenance capital expenditure requirements which allows us to focus our available funding and time on growing production and reserves. For the five-year period from 2016 to 2020, maintenance capital expenditure represented only 24% of our capital expenditure spend.

Conservative capital structure and active risk management through hedging and insurance, providing enhanced cash flow stability

We currently have a strong financial position because of low leverage, long-dated debt maturities and ample liquidity, which we intend to maintain. As of March 31, 2021, Net Debt / EBITDAX (calculated as total financial debt, minus cash and equivalents, divided by annualized Pro Forma Adjusted EBITDAX for the first quarter of 2021) for Holdings and its subsidiaries, on an as adjusted basis after giving effect to the Transactions, was 0.86x. See "*Capitalization*." Our current leverage is significantly lower than other peer companies in Colombia, which had an estimated median ratio of 2.2x as of March 31, 2021.

Available liquidity for Holdings and its subsidiaries as of March 31, 2021, on an as adjusted basis after giving effect to the Transactions, was US$223 million, consisting of US$157 million of cash on our balance sheet plus US$80 million of available borrowing capacity under our New Revolving Credit Facility, which will mature in June 2026, less up to approximately US$13.5 million of existing letters of credit.

In addition, we are also highly focused on risk management and capital protection through active hedging and insurance programs, both of which draw from the extensive experience of Carlyle. 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. This hedging strategy has been successfully implemented in several other Carlyle portfolio companies, including Neptune Energy, where production is similarly hedged on a rolling basis, giving downside protection to lenders in the company's Reserves Based Lending facility and corporate bonds. As of the date of this offering memorandum, we had hedged 75% of our production for the second half of 2021 and 33% 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 US$51 per barrel and US$52 per barrel, respectively.

Our properties and liabilities are insured within a comprehensive energy insurance package. The coverage includes property damage, third party liability, operators' extra expense, political violence and terrorism, business interruption, environmental liability, directors & officers and cyber. The insurance policies are subject to deductibles, limits and exclusions that we consider appropriate and in-line with industry standards.

Most of our operating costs are denominated, and paid, in COP, while revenues are denominated, and paid, in US dollars. This implies that the devaluation of the COP, which often occurs under lower oil price environments, acts as a natural hedge for our cash flows. Additionally, having revenues in US dollars and costs in COP provides us with protection from macro-economic shocks affecting Colombia. For instance, the COP has devalued by approximately 7% against the US dollar between the beginning of the year and June 1, 2021, notwithstanding the stronger crude prices in the period. We may opportunistically hedge COP exposure when COP de-couples from oil price movements, presenting attractive opportunities for us to lock in devaluation movements.

Proven track record of ESG excellence and continued focus on health and safety for our workers

Our ESG policy is built upon four pillars: (i) setting the highest health and safety standards for our workers, (ii) constructive social engagement with all our stakeholders, (iii) reducing emissions, and (iv) implementing an ESAP. Going forward, we plan to obtain a Sustainalytics ESG rating by 2023.

Setting the highest health and safety standards for our employees is one of our core values. During the last five years, our average annual TRIR, giving effect to the acquisition of COG, has been below 1.0. Our annual PSER for our operated assets was 0.31 in 2020, reflecting the positive impact that our Mechanical Integrity Plans have had in these assets.

Since 1990, the Alcaravan Foundation, a social initiative founded by us and backed by our partner, Ecopetrol, has positively impacted the Northern Llanos area by fulfilling commitments to support our local communities. Over the past 30 years, together with Ecopetrol, we have invested more than an estimated

US$60 million, benefiting more than 66,000 people, including schoolchildren, micro entrepreneurs, teachers, farmers and women. During that same period, the Foundation has completed 203 community impact projects across 58 Araucan villages to support community development initiatives in the Northern Llanos fields, including measures to boost agriculture, entrepreneurship, digital connectivity, education, housing and literacy in the region. Maintaining and further developing relationships with communities in our areas of impact will continue to be a pillar of our ESG strategy.

Since our acquisition from Oxy, and following advice from Carlyle, we have set ambitious targets to reduce our carbon emissions by 50% over the next two years, which we believe is a market-leading initiative compared to our peers. Expected reduction measures that we have identified include gas flaring elimination, use of renewable energy sources through the construction of a new solar park and the reduction of methane and other fugitive emissions. We are also committed to environmental protection with strong policies that guide water and waste management – including circular economy initiatives to increase sustainability in water, energy and materials – and to preserve the flora and fauna species that coexist with our operations in Arauca.

Furthermore, in consultation with Carlyle, we have taken additional steps to further align our ESG practices with the highest international standards. As a result, we have devised an ESAP plan with a leading environmental consultant. The plan identifies 46 specific actions to bring our operations in line with the International Finance Corporation's (World Bank) standards, including the Equator Principles and the United Nations' Sustainable Development Goals. Later this year, we also expect to issue our inaugural sustainability report, which will further lay out our ESG strategy and initiatives.

Experienced management team with deep understanding of the assets, further enhanced by Carlyle's industry experience

We became a standalone entity in December 2020, following the acquisition of the entire onshore asset base and operations of Oxy in Colombia. We took over from Oxy, owner and operator for over 40 years of two of Colombia's most prolific assets, and retained its local management team, preserving the deep operational knowledge attained during this timeframe. As mentioned earlier, as of June 2021 our team of professionals currently operate over 1,500 producing wells across 29 fields in production, and over time has drilled more than 2,400 wells and cumulatively produced approximately 2.4 billion barrels of oil, making it one of the most experienced teams in the country.

Our senior executive team was further bolstered by energy veteran Tony Hayward (our Executive Chairman), Bernardo Ortiz (CEO) and Sebastien Garnier (CFO). In addition to his position at SierraCol, Tony Hayward is chairman of Glencore and former CEO of BP, with a long and successful history in Colombia dating back to the early 1990s. Bernardo Ortiz brings regional know-how from his years acting as head of business development for Oxy across Latin America. Sebastien Garnier brings financial expertise to the management team of SierraCol, having previously served as CFO for Perenco's Latin American business. Additional senior external appointments in the areas of operational support and ESG have further complemented our management team.

Furthermore, our operation is backed by Carlyle, one of the largest alternative asset managers globally, with US$260 billion of total assets under management as of March 31, 2021 and publicly listed on the NASDAQ. Carlyle holds our investment through one of the largest funds dedicated to the oil and gas industry globally, CIEP, whose team has US$7 billion of assets under management across Europe, Africa, Latin America and Asia, and is mandated to exclusively invest in the energy value chain in geographies outside of North America. Carlyle's international energy team is based in London and has over 225 years of combined energy industry experience and over 115 years of private equity experience. The team focuses on transactions where it has a distinctive competitive advantage and can help create tangible value for companies in which it invests, through industry specialization, deployment of human capital and access to Carlyle's global network.

Similar successful E&P carve-outs by Carlyle include Neptune Energy, one of the largest independent OECD-focused E&P companies in Europe with production in 2020 of 142 kboepd and which has had two successful corporate bond issuances raising US$850 million in recent years, and Assala Energy, the second largest oil producer in onshore Gabon. Similar to SierraCol, both of these Carlyle portfolio companies were acquired through carve-outs from larger companies and have operated successfully since acquisition through a more focused strategy. Furthermore, Carlyle has significant experience in Colombia through two previous investments: COG Energy, an

E&P company with assets in the Llanos and Middle Magdalena basins that was acquired by Carlyle in 2017 (subsequently acquired by SierraCol in 2021), and CEPSA, Europe's largest privately-owned integrated oil & gas company, which Carlyle acquired in 2019 and that also has E&P operations in Colombia.

Colombia is an investor-friendly OECD country, with stable fiscal terms and regulations

Colombia has a long track record of prudent macroeconomic, fiscal and monetary management. Furthermore, in 2020 Colombia was admitted to the OECD, one of only three countries in South America admitted to this intergovernmental economic organization whose members are committed to democracy and the market economy and that are characterized by relatively high income on a per capita basis. Colombia is recognized by the IMF to have implemented very strong policy frameworks, and a gradual recovery is expected in 2021 to previous levels of GDP growth rate of 5.1%, along with a stable inflation level of 2.1%.

In addition to a resilient economy, Colombia has a favorable and well-defined regulatory environment for oil and gas companies administered by the ANH, as well as a sophisticated domestic oil & gas industry that has developed over more than a century. Several domestic and international players operate in Colombia's oil & gas industry. These include its national oil company, Ecopetrol, several independent Latin America-focused players such as SierraCol, Parex, GeoPark, Canacol, Gran Tierra and Frontera, as well as a number of international companies such as Shell, Petrobras and ONGC, among others.

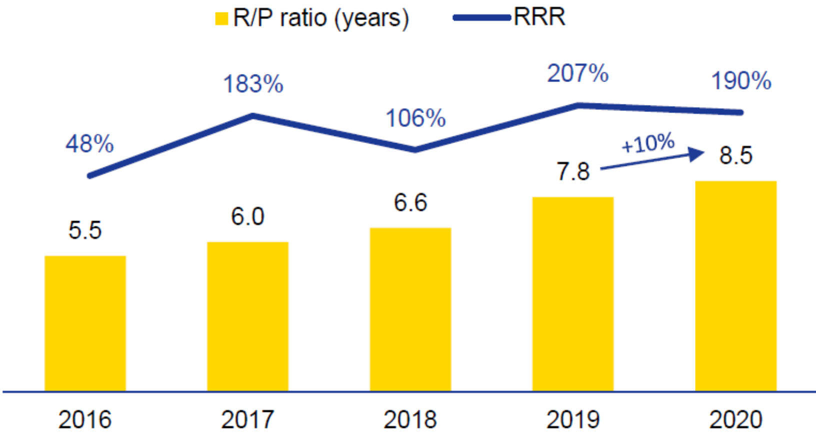
In addition to our long-standing and multi-faceted partnership with Ecopetrol and BP, we also have close relationships with other key players in the country. We hold a track record of successful negotiations with the ANH, the industry regulator, in obtaining all necessary approvals for ongoing operations. We hold strategic relationships with GeoPark, a successful explorer and operator of our exploration licenses in the Putumayo basin, where we believe the outlook is comparable to the most prolific fields in the Oriente basin in Ecuador, with relatively easy access to existing production facilities and evacuation routes. Since 1987, we have had a relationship in the Northern Llanos basin with Repsol, who owns a 25% stake in SierraCol Arauca and is an experienced and world-renowned operator.

Our Strategy

Maintain our long-dated track record of stable production and cash generation, while sustainably growing free cash flow over time by efficiently commercializing our significant base of reserves and resources

We will seek to maintain our position as one of Colombia's top producers on the back of our sizeable portfolio of well-established oil producing assets. Our strategy will continue to leverage the decades-long production profile and low decline rates of two of Colombia's most relevant producing assets: the Caño Limón area, a world-class reservoir that regained Colombia its status as a net oil exporter worldwide since its discovery in 1983, and La Cira Infantas, Colombia's oldest oil field that has been in production for over 100 years. The onshore and conventional nature of these assets, along with decades of operational history, provides us with a base of well-understood assets that will continue to support future production. We will also leverage the significant upside opportunities recently obtained as part of the COG Acquisition, which we believe will help to accelerate production growth.

Our ample base of 88.1 mmbbl 1P reserves and 115.6 mmbbl 2P reserves net of royalties as of December 31, 2020 is bolstered by an attractive portfolio of contingent resources. We aim to continuously increase our proven and probable reserves base by means of strong 2P RRR from contingent resources, as was the case during 2020 with a ratio of approximately 190%, including the COG Acquisition. Our R/P ratio has also steadily increased across the past five years from 5.5 years in 2016 to 8.5 years currently. We estimate that our total R&R as of December 31, 2020 is approximately 480 mmboe (including an estimated 364mmboe of 3C resources), which provides us ample capacity to generate stable production for many years.



To bolster our contingent resource portfolio, we see several attractive low-risk exploration opportunities to further grow production and cash flow over time. In addition to our estimated 480 mmboe of R&R, we are evaluating over 200 mmboe in risked prospective resources across the Northern Llanos, Middle Magdalena and Putumayo basins. We have an ample exploration portfolio that ranges from highly accretive near-field exploration projects in the Northern Llanos area, to high-impact exploration resources in the Putumayo basin. We believe that all of these can be quickly converted into production through existing infrastructure and have the potential to significantly increase our reserve base, making it an efficient and diversified exploration program. COG also has significant growth potential with numerous development and near-field exploration opportunities, especially through its Bolivar license in the Middle Magdalena basin.

As we continue to commercialize reserves and resources, we will seek to further increase our Free Cash Flow generation, which has been stable and averaged US$181.5 million through the crude price cycle of 2016 to 2020. We expect this increase in cash flow to come from modest increases in production, cost optimization and short-cycle, high payback capital investment.

Further increase our industry-leading operating netbacks in Colombia by leveraging our commercial abilities and through rigorous cost optimization

Due to the historical importance of our assets in Colombia, critical transport infrastructure was built in close proximity to our fields. As a result, we have been able to secure highly favorable commercial terms with relevant players like Ecopetrol. Consequently, our transport costs of US$1/bbl are significantly lower than those for our peers, with average transport costs of US$6/boe in 2020.

The proven relevance of our production to the operation of Ecopetrol, and to the country's economy as a whole, has enabled us to secure offtake agreements on 100% of our production (95% of which is with Ecopetrol) at highly attractive commercial terms, which we expect to remain in place, avoiding otherwise higher costs related to commercialization. We will also seek to improve our commercial and export agreements to further enhance our netback per barrel.

Our strategy focuses on leveraging our logistical advantage and delivering a rigorous cost optimization plan, as we believe there is room for improvement in the existing cost base that we inherited from Oxy. Our plan envisions a transition to a more nimble, streamlined and focused organizational model that is suitable for a world-class independent producer. We are also seeking a disciplined approach to opex spend in order to drive sustained long-term target savings, and expect that a significant portion of the US$78 million cost reduction realized in 2020 will be converted into a structural cost improvement. We believe these strategies, together, will allow us to further boost profitability and drive superior returns going forward.

Materialize value creation opportunities through efficient capital allocation that results in disciplined organic and inorganic growth

During the year ended December 31, 2020 we operated or jointly operated 100% of our average daily production, which gives us a significant level of control over our operating costs and investments. As operator in all of our Northern Llanos assets, and joint operator in La Cira Infantas (where we operate capex), we retain the ability to flex investments at our discretion in line with oil price performance, which represents one of the main tools we have to navigate economic downturns and to capitalize on favorable oil price environments.

Our investment decisions follow a short-cycle capital investment approach, which we proactively adapt and flex in response to the oil price environment, as noted above. We focus and prioritize near-term investments that can quickly convert into incremental cash flows, while maintaining optionality to assess additional business opportunities as they arise. Provided a suitable oil price environment, we expect to redeploy capital on the ample inventory of near-term opportunities close to existing infrastructure, which we believe require limited incremental capital (including infill wells, workovers and step-outs) and can be monetized quickly.

We will continue to invest in low-risk exploration projects aligned with our growth strategy, while managing our existing exploration commitments and prioritizing low-cost and quick cash flow-generating prospects. We intend to continue growing our reserves base organically through focused exploration and appraisal.

We will continue to assess opportunities to pursue bolt-on acquisitions in a disciplined manner as a way to achieve inorganic and synergistic growth. Such opportunities to bolster our existing portfolio will be evaluated in a way that is consistent with the financially disciplined and operationally value-accretive approach undertaken by Carlyle. Our acquisition of COG Energy is an example of this strategy, which in addition to being accretive to both our R/P ratio and production profile, brings a new hub in the Central Llanos basin to our operation.

Maintain financial discipline and manage risks through hedging and a prudent insurance program

We seek to remain financially disciplined by taking a prudent approach to balance sheet management, robust hedging and insurance programs, and a methodical assessment of potential growth and M&A opportunities.

Our current financial framework enables us to pursue a disciplined growth strategy, while maintaining healthy liquidity and ample headroom to comfortably service debt and pay a dividend that provides a fair return to our shareholders in light of our performance and risk profile.

As of March 31, 2021, Net Debt / EBITDAX (calculated as total financial debt, minus cash and equivalents, divided by annualized Pro Forma Adjusted EBITDAX for the first quarter of 2021) of Holdings and its subsidiaries, on an as adjusted basis after giving effect to the Transactions, was 0.86x, which is well below our estimated peer median leverage of 2.2x. To ensure financial discipline, the amounts of our dividend distributions will be linked to maintaining prudent leverage and liquidity levels.

We will continue to mitigate potential downside from lower commodity prices through a robust options-based hedging strategy (including puts, three-ways and other derivatives). As mentioned earlier, as of the date of this offering memorandum, we had hedged 75% of our expected production for the second half of 2021 and 33% of our expected 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 US$51 per barrel and US$52 per barrel, respectively.

As mentioned earlier, our properties and liabilities are insured with a comprehensive energy insurance package. We intend to continue to maintain the types and amounts of insurance coverage that we believe are consistent with good industry practices.

If presented with an attractive opportunity, we believe our conservative financial strategy will allow us to evaluate future growth and M&A opportunities with ample flexibility. We expect to opportunistically access debt markets from time to time as needed to continue to optimize and diversify our capital structure.

Continue to strengthen our highest commitment to ESG standards

Maintaining strong ESG standards and executing a thoughtful ESG strategy remain top priorities for management. With the support of Carlyle's ESG and investment impact resources, our team in Colombia has developed a new ESG strategy and appointed a new head of ESG. Furthermore, to ensure an alignment of incentives, a portion of the annual compensation of senior management is linked to achieving our ESG objectives.

Following advice from Carlyle, we have devised and implemented an ESAP in partnership with a leading environmental consultant. The plan identifies 46 specific actions to bring operations in line with the International Finance Corporation's standards, including the Equator Principles and the United Nations' Sustainable Development Goals. Later this year, we expect to issue our inaugural sustainability report, which will further lay out in a comprehensive level of detail our ESG strategy and initiatives. We have also set ambitious targets to reduce our carbon emissions by 50% over the next two years, which we believe is a market-leading initiative compared to our peers. We plan to obtain a Sustainalytics ESG Rating by 2023.

We also participate in the Alcaravan Foundation, a social initiative backed by us and our partner Ecopetrol, which has positively impacted over 66,000 people in the Northern Llanos area by fulfilling commitments to support our local communities. Together with Ecopetrol, we have invested more than US$60 million. Maintaining and further developing relationships with communities in our areas of impact will continue to be a pillar of our ESG strategy.

We will continue to strengthen social engagement with our stakeholders, following an already successful track record of strong ESG performance across all areas that are key for our industry, including: (i) promoting a safe, supportive and healthy workplace environment, (ii) strong engagement with communities, (iii) governing through transparency and international governance standards, and (iv) supporting biodiversity and limiting impact on climate change. We will achieve this through the continuous assessment and implementation of additional best practices in complement to the 30+ years of community support, which remain as legacy from Oxy.

Retain, incentivize and continue to recruit top talent in the industry

Following the acquisition of Oxy's operations, we became not only the operator of two landmark oil fields in Colombia, but also inherited unparalleled operational expertise and know-how from local Oxy management as approximately 500 employees stayed with us following the ownership transition, including top local management with decades-long operational experience with our assets. To complement the extensive local knowledge of this team, we brought in energy veteran Tony Hayward, former CEO of BP, current Chairman of Glencore, to act as our Executive Chairman. Our senior management is qualified and appropriately incentivized to deliver the value creation plan that Carlyle established when acquiring the assets. Our goal will be to focus management's efforts on cash generation and value creation while aligning interests with private equity-style incentives and equity ownership.

Based on the proven track record of technical competence and solid managerial execution of this team, alongside the strategic vision that Carlyle has for the Company, we believe we will continue to retain and attract top industry talent, which remains a key part of our business strategy.

Overview of Our Assets

Our diversified asset base includes approximately 9,670 km² in the Middle Magdalena and Llanos (Northern & Central) and Putumayo basins. Our asset base is held through a total of 20 onshore licenses in Colombia, twelve of which are in the production phase (including two currently idle) and eight are in the exploration phase. The table below summarizes information about the licenses in which we have working interests as of and for the year ended December 31, 2020.

License	Working Interest	Operator	Basin	Stage	Area (km²)	Reserves (Net) (mmbbl) 1P	2P	NPV10 (USDm) 1P	2P	Resources (Gross) (mmboe) 2C	2020 Production (kbopd) (Net)
Cravo Norte[(1)].......	45%	SierraCol	Northern Llanos	Production	40	10	12	193	210	9	7.5

Chipirón[1]	70%	SierraCol	Northern Llanos	Production	227	2	3	60	78	2	2.6
Rondón[1]	50%	SierraCol	Northern Llanos	Production	101	2	2	48	55	4	2.4
Cosecha[1]	70%	SierraCol	Northern Llanos	Production	698	10	15	283	413	3	9.9
Caño Limón Area Sub-Total		**SierraCol**	**Northern Llanos**	**Production**	**1,066**	**24**	**32**	**584**	**755**	**18**	**22.4**
La Cira Infantas....	48%	SierraCol / Ecopetrol[3]	Middle Magdalena	Production	189	51	62	556	684	74	13.8
Rio Verde	100%	SierraCol	Llanos	Production	23	5	10	44	95	-	1.2
Alcaravan	100%	SierraCol	Llanos	Production	96	2	3	14	42	-	0.6
Los Hatos	100%	SierraCol	Llanos	Production	1	1	1	8	9	-	0.0
Llanos 23.............	100%	SierraCol	Central Llanos	Production	466	3	4	28	50	-	-
Bolivar	100%	SierraCol	Middle Magdalena	Production	82	2	4	7	45	23	-
Bocachico............	100%	SierraCol	Middle Magdalena	Production	221	-	-	-	-	-	-
Mecaya................	50%	GeoPark	Putumayo	Exploration	300	-	-	-	-	-	-
Terecay	50%	GeoPark	Putumayo	Exploration	2,374	-	-	-	-	-	-
Tacacho................	50%	GeoPark	Putumayo	Exploration	2,384	-	-	-	-	-	-
Putumayo-8..........	50%	GeoPark	Putumayo	Exploration	416	-	-	-	-	-	-
Putumayo-9..........	50%	GeoPark	Putumayo	Exploration	491	-	-	-	-	-	-
Putumayo-36[2].....	50%	GeoPark	Putumayo	Exploration	599	-	-	-	-	-	-
Llanos 39.............	50%	SierraCol	Northern Llanos	Exploration	605	-	-	-	-	-	-
Llanos 52.............	48%	SierraCol	Northern Llanos	Exploration	353	-	-	-	-	-	-
TOTAL					**9,668**	**88**	**116**	**1,241**	**1,680**	**115**	**38.0**

(1) Our Cravo Norte, Chipirón, Rondón and Cosecha licenses are collectively referred to as the "Caño Limón area" throughout this offering memorandum.

(2) Putumayo-36 has been included though the completion of its acquisition from Oxy remains subject to approval from ANH.

(3) We are joint operator in La Cira Infantas, operating capital expenditure while Ecopetrol manages operating expenditure.

Note: Teca has been excluded as its operations are currently limited to care and maintenance and are not expected to be part of our future growth strategy.

Middle Magdalena Basin

La Cira Infantas

The La Cira Infantas license is the oldest and among the best understood clusters of fields in Colombia. It has been in production since 1918, with a total historical cumulative production of approximately 900 mmbbl, and contains significant reserves still to be developed.

The La Cira Infantas fields cover approximately 190 km². At December 31, 2020, the La Cira Infantas fields had 1P reserves of 51.2 mmbbl, 2P reserves of 62.3 mmbbl and 2C resources of 74.4 mmbbl, net to us, giving it a long runway for future production. Net production in 2020 was 13.8 kbopd.

SierraCol has a 48% working interest in La Cira Infantas, while Ecopetrol, whom we have been partners with for over 15 years, owns the remaining 52%. Ecopetrol is responsible for operating expenses decisions and SierraCol has responsibility over capital expenditure decisions. As an example of our operating capabilities, when we took over the management of the capital expenditures in 2005 in the C Sands block of La Cira Infantas, we deployed optimized water injection and infill drilling techniques, which resulted in an increase of production of approximately 800% by the end of 2018.

The La Cira Infantas license comprises two licenses:

- *LCI A&B Sands.* This license covers approximately 83 km², with one field and twenty active oil producing wells. The LCI A&B Sands exploration and production agreement was entered into in

September 2015 and expires at the end of the economic life of the project. The API gravity of the oil produced there is between 19° and 25°.

- *LCI C Sands*. This license covers approximately 190 km², with two fields and approximately 1,060 active oil producing wells. The LCI C Sands exploration and production agreement was entered into in May 2005 and expires with the economic life of the project. The API gravity of the oil produced there is between 25° and 26°.

La Cira Infantas is approximately 30 kilometers from the Barrancabermeja refinery which is situated on the shore of the Magdalena River. The Barrancabermeja refinery, one of Colombia's top two refineries, was designed to operate with a crude oil diet based on quality similar to La Cira Infantas' production, making our crude a first choice to its refining operation. Our oil is sold to Ecopetrol through an offtake agreement that currently is in place until September 2022, and we expect to continue to renew it annually as we have done for the past five years. Our oil is delivered to Ecopetrol at the El Centro pipeline station and then transported to the Barrancabermeja refinery. As a result of our offtake agreement with Ecopetrol and our proximity to the Barrancabermeja refinery, we enjoy very low transportation costs for La Cira Infantas of US$0.1/bbl.

Bolivar and Bocachico

The Bolivar and Bocachico licenses cover approximately 300 km². We hold a 100% working interest in, and are the operator of, these licenses.

At December 31, 2020, the Bolivar license had 1P reserves of 1.9 mmbbl, 2P reserves of 3.7 mmbbl and 2C resources of 23.1 mmboe, net to us. At Bolivar the Catalina field is expected to restart production in December 2021 (upon completion of the Catalina-2 well). The Bocachico license has no assigned reserves as the field is inactive and expires in March 2022 returning to Ecopetrol.

The API gravity of the Bolivar and Bocachico oil is between 13° and 38°. Future production from Bolivar is intended to be evacuated via truck to the Vasconia terminal for sale.

Teca Cocorna

The Teca license covers approximately 50 km², with one field and 64 active oil producing wells. We hold a 40% working interest in Teca, in partnership with Ecopetrol, which owns the remaining 60%. Teca's exploration and production agreement was entered into on June 2015, and expires on January 2040. The API gravity of the oil produced there is between 9° and 12°.

Operations at Teca are currently limited to care and maintenance and are not expected to be part of our future growth strategy.

Northern Llanos Basin

Caño Limón Area

The Caño Limón area was discovered in 1983 and its world class oil reservoir allowed Colombia to regain its global status as net oil exporter.

The Caño Limón area is in the Northern Llanos basin, east of the Eastern Cordillera of the Andes and covers approximately 1,070 km², which makes it one of the largest clusters in Colombia by acreage. At December 31, 2020, the Caño Limón licenses had 1P reserves of 24.4 mmbbl, 2P reserves of 32.0 mmbbl and 2C resources of 18 mmbbl, net to us, giving them a significant runway for future production.

We are the sole operator of the Caño Limón licenses.

The Caño Limón area includes 27 fields, of which 19 are producing, across four licenses:

- *Cravo Norte license.* We are the operator of the Cravo Norte license, with a 45% working interest. Ecopetrol is the owner of the remaining 55%. This license covers approximately 40 km², with

seven fields and 324 active oil producing wells. The exploration and production agreement was entered into in June 1980 and expires at the end of the economic life of the project. The API gravity of the Cravo Norte oil is between 29° and 31°.

- *Chipirón license.* We are the operator of the Chipirón license, with a 70% working interest. Ecopetrol is the owner of the remaining 30%. This license covers approximately 227 km², with nine fields and 38 active oil producing wells. The Chipirón exploration and production agreement was entered into in February 2003 and expires in February 2028. The API gravity of the Chipirón oil is between 29° and 33°.

- *Rondón license.* We are the operator of the Rondón license, with a 50% working interest. Ecopetrol is the owner of the remaining 50%. This license covers approximately 101 km², with two fields and 35 active oil producing wells. Rondón's exploration and production agreement was entered into in June 1980 and expires in January 2023; consistent with our past experience, we expect that we will be able to extend and retain the license. The API gravity of the Rondón oil is between 31° and 38°.

- *Cosecha license.* We are the operator of the Cosecha license, with a 70% working interest. Ecopetrol is the owner of the remaining 30%. This license covers approximately 698 km², with nine fields and 24 active oil producing wells. Coescha's exploration and production agreement was entered into in October 2002 and expires in December 2030. The API gravity of the Cosecha oil is between 29° and 39°.

The oil produced in the Caño Limón area is sold to Ecopetrol through an offtake agreement that expires in June 2021. We are currently in the process of extending it, which we fully expect to achieve and at terms that are in line with the current contract. Going forward, we expect to continue to renew the offtake agreement annually.

Production from the Caño Limón area is evacuated via the CLC pipeline, which is operated by Ecopetrol's subsidiary CENIT, where we have reserved transportation capacity of 60 kbopd at a preferential tariff. We have the right to use the CLC pipeline regardless of the offtaker as we initially built it and later sold it to CENIT. From the CLC pipeline, our production is then transported to the Cartagena refinery. In addition to the CLC pipeline, we also have access to the Bicentenario pipeline as an alternative evacuation route and have built redundant strategic storage capacity, which provides us with operational flexibility to support continuity of our commercial operation.

Llanos 39 license

We are the operator of the Llanos 39 license, with a 50% working interest. Ecopetrol is the owner of the remaining 50% working interest. Currently our license is in the first phase of the exploration period, with remaining commitments to acquire 370 km² of 3D seismic and drill two wells, for a total cost of US$51.5 million. The exploration program is currently suspended due to *force majeure*.

Llanos 52 license

We are the operator of the Llanos 52 license, with a 48% working interest. Ecopetrol is the owner of the remaining 52% working interest. Currently, this license is in the first phase one of the exploration period, with remaining commitments to acquire 292 km² of 3D seismic and drill two wells, for a total net cost of US$45.2 million. The exploration program is currently suspended due to *force majeure*.

Central Llanos Basin

Río Verde, Alcaraván, Los Hatos and Llanos 23

These licenses cover approximately 587 km² in total. We have a 100% working interest in, and are the operator of, these licenses.

At December 31, 2020, these licenses had 1P reserves of 10.6 mmbbl and 2P reserves of 17.6 mmbbl, net to us. Production in 2020 was 1.8 kbopd, net to us.

The API gravity of the oil produced in these licenses is between 13° and 38°. Production is evacuated predominantly via the Oleoducto de Colombia ("ODC") export pipeline with offtake arrangements in place with BP.

Putumayo Basin

Putumayo

Our portfolio in the Putumayo basin consists of six exploration licenses: Mecaya, Putumayo-8, Putumayo-9, Putumayo-36, Terecay and Tacacho. These licenses are in the south of Colombia, near the Ecuador border, and cover approximately 6,600 km².

We own a 50% working interest in each of these licenses. GeoPark owns the remaining 50% and is the operator.

- *Putumayo-8 license.* This license is currently in both phases one and two of the exploration period, with remaining commitments to acquire 112 km² of 3D seismic and to drill three wells, for a total net cost of US$21.1 million. The exploration program is ongoing. In April 2021 we completed the acquisition of the seismic data and are currently processing it.

- *Mecaya license.* This license is currently in both phases one and two of the exploration period, with remaining commitments to acquire 52 km² of 3D seismic, for a total net cost of US$3.6 million. The exploration program is currently suspended while the required consultations with communities in the area are being carried out.

- *Putumayo-36 license.* This license, which we will acquire from Oxy pending ANH approval, is currently in the preliminary phase of the exploration period whereby applicable prior consultation process with the local communities must first be completed. The license has outstanding investment commitments to acquire 106 km² of 3D seismic and to drill two wells, for a total net cost of US$13.8 million.

- *Putumayo-9 license.* This license is currently in the first phase of the exploration period, with remaining commitments to acquire 127 km² 3D seismic and to drill two wells, for a total net cost of US$25.3 million. The exploration program is currently suspended due to *force majeure*.

- *Terecay license.* This license is currently in the first phase of the exploration period, with remaining commitments to acquire 476 km of 2D seismic, for a total net cost of US$23.3 million. The exploration program is currently suspended due to *force majeure*.

- *Tacacho license.* This license is currently in the first phase of the exploration period, with remaining commitments to acquire 480 km of 2D seismic, for a total cost of US$31.1 million. The exploration program is currently suspended due to *force majeure*.

Material Agreements Relating to Our Assets

Acquisition Agreement

On October 1, 2020, Holdings entered into a sale and purchase agreement (the "Acquisition Agreement") with certain subsidiaries of Oxy to acquire the shares of certain companies that comprise SierraCol, which represented Oxy's entire onshore portfolio in Colombia. The Acquisition Agreement contains customary representation and warranties, covenants and indemnities. The Acquisition was completed in December 2020. The total consideration for the Acquisition was approximately US$825 million, with US$700 million upfront and the remaining US$125 million payable subject to certain production and commodity price targets (the "Contingent Consideration"). The Contingent Consideration, if and to the extent payable, is payable in from 2022 to 2024. Holdings financed the consideration through equity funding contributed by Carlyle and a US$195 million drawing under the RBL Facility.

Association Agreements

Cravo Norte Association Contract

The Cravo Norte Association Contract was signed on June 11, 1980, with an effective date of July 1, 1980. Production under the Cravo Norte Association Contract commenced in October 1983 and the contract is currently in the production and exploitation phase. Through an amendment agreement entered into on April 23, 2004, the term of the Cravo Norte Association Contract was extended until the Cravo Norte field ceases to be economically viable.

As of the date of this offering memorandum, the parties to the Cravo Norte Association Contract are Ecopetrol, the Issuer and SierraCol Arauca. Under the Cravo Norte Association Contract, we hold a 45% economic interest in the Cravo Norte field, with SierraCol Arauca acting as the operator.

All oil production coming from the Cravo Norte Association Contract is subject to a 20% royalty charge, except for incremental production coming from Incremental Production Projects approved by the ANH, which will be subject to a scaling royalty regime contained in Article 16 of Law 141 de 1994 (as amended by Law 756 of 2002 among others) as follows (the "Royalty Regime"):

Daily Production	Percentage
Equal or less than 5KBPD16	8%
More than 5KBPD and equal or less than 125KBPD	X = (8 + KBPD Production – 5KBPD) * (0.10)
More than 125KBPD and equal or less than 400KBPD	20%
More than 400KBPD and equal or less than 600KBPD	Y= 20 + (KBPD Production – 400KBPD) * (0.025)
More than 600KBDP	25%

Chipirón Association Contract

The Chipirón Association Contract was signed with Ecopetrol on February 13, 2003, effective on such date. As of the date of this offering memorandum, the Chipirón Association Contract is in the production and exploitation phase. The term of the Chipirón Association Contract was 25 years from February 13, 2003, so is scheduled to expire in February 2028.

We hold a 70% economic interest in the Chipirón Association Contract, through the Issuer and SierraCol Arauca, with the remaining 30% economic interest held by Ecopetrol. SierraCol Arauca is the operator under the agreement.

Production coming from the Chipirón Association Contract is subject to the scaling Royalty Regime.

Rondón Association Contract

The Rondón Association Contract was signed on June 11, 1980, with an effective date of July 1, 1980. The initial term of the Rondón Association Contract was for 28 years from the effective date, so would have expired in July 2008, however, following a declaration of *force majeure*, accepted by Ecopetrol on April 25, 1990, the obligations under the contract were suspended. The state of *force majeure* was subsequently lifted on September 30, 2004 and the termination date of the contract is currently January 8, 2023.

The current parties to the Rondón Association Contract are Ecopetrol, the Issuer and SierraCol Arauca. The Issuer and SierraCol Arauca together hold a 50% economic interest with SierraCol Arauca appointed as the operator under the agreement.

On October 3, 2005, a declaration of commerciality was made under the Rondón Association Contract in connection with the Caricare field.

All oil production coming from the Rondón Association Contract is subject to the scaling Royalty Regime.

Cosecha Association Contract

The Cosecha Association Contract was signed on October 31, 2002, with an effective date of December 30, 2002. The term of the Cosecha Association Contract is for 28 years from the effective date, with a current expiry date of December 2030.

We hold a 70% economic interest in the Cosecha Association Contract, through SierraCol Arauca, with the remaining 30% held by Ecopetrol. SierraCol Arauca is the operator under the agreement.

Production coming from the Cosecha Association Contract is subject to the scaling Royalty Regime.

Direct Exploitation and Collaboration Agreements

La Cira Infantas

Pursuant to an exploitation agreement dated July 29, 2005, Ecopetrol was granted the exclusive right to explore and exploit hydrocarbons in the La Cira Infantas area until the production of oil from such area is exhausted.

Through an assignment agreement dated September 6, 2005, with effective date September 19, 2005, Ecopetrol assigned a 48% economic interest in the La Cira Infantas area to the Issuer and Ecopetrol and the Issuer entered into the La Cira – Infantas Collaboration Contract to govern their relationship in connection with such area, with Ecopetrol undertaking the role of operator.

All oil production coming from La Cira Infantas is subject to a 20% royalty charge, except for incremental production coming from Incremental Production Projects approved by the ANH, which will be subject to a scaling Royalty Regime.

Teca — Cocorna

Pursuant to an exploitation agreement dated March 6, 2015, Ecopetrol was granted the exclusive right to explore and exploit hydrocarbons in the Teca - Cocorná area until the production of oil from such area is exhausted.

Through an assignment agreement dated June 12, 2015, with effective date of the same date, Ecopetrol assigned a 40% economic interest in the Teca - Cocorná area to the Issuer and Ecopetrol and the Issuer entered into the Teca – Cocorna Collaboration Contract to govern their relationship in connection with such area, with Ecopetrol undertaking the role of operator.

All oil production coming from Teca-Cocorná is subject to a 20% royalty charge, except for incremental production coming from Incremental Production Projects approved by the ANH, which will be subject to a scaling Royalty Regime.

E&P Contracts

Mecaya, Tacacho, Terecay and Putumayo-9

Pursuant to a Farm Out Agreement, dated November 21, 2018, the Issuer acquired interests in the E&P contracts for Mecaya, Tacacho, Terecay and Putumayo-9 from Amerisur Exploración Colombia Limitada (later acquired by GeoPark) in exchange for certain carry commitments in respect of exploration and development activities in each license. GeoPark retained its status as operator and a 50% working interest in each license with the Issuer holding the remaining 50% working interest in each license as a non-operating partner.

- *Mecaya*—the effective date of the Mecaya E&P Contract is June 14, 2006. The contract is currently in combined phases 1 and 2 of the exploration period, which has an initial term of 36 months and requires the drilling of one exploratory well A3 or the acquisition, processing, and interpretation of 52 km^2 of 3D seismic. However, activities have been suspended since November 20, 2008 due to *force majeure* events.

  Production coming from the Mecaya E&P Contract is subject to the scaling Royalty Regime.

- *Tacacho*—the effective date of the Tacacho E&P Contract is May 10, 2010. The contract is currently in phase 1 of the exploration period, which has an initial term of 44 months and requires the acquisition, processing and interpretation of 480 km^2 of 2D seismic. However, activities have been suspended under *force majeure* since April 25, 2016 due to social unrest in the area.

  Production coming from the Tacacho E&P Contract is subject to the scaling Royalty Regime.

- *Terecay*—the effective date of the Terecay E&P Contract is May 9, 2010. The contract is currently in phase 1 of the exploration period, which has an initial term of 33 months and requires the acquisition, processing and interpretation of 476 km^2 of 2D seismic. However, activities have been suspended under *force majeure* since April 25, 2016 due to social unrest in the area.

  Production coming from the Terecay E&P Contract is subject to the scaling Royalty Regime.

- *Putumayo 9*—the effective date of the Putumayo-9 E&P Contract is June 15, 2012. The contract is currently in phase 1 of the exploration period, which has an initial term of 36 months and requires the drilling of two exploratory wells and the acquisition of 126.5 km^2 of 3D seismic and the drilling of two wells. However, activities have been suspended under *force majeure* since June 25, 2019 following a municipal accord suspending oil and gas activities in the region.

  Production coming from the Putumayo 9 E&P Contract is subject to the scaling Royalty Regime.

Llanos 39 and Llanos 52

SierraCol Condor acquired a working interest and operatorship in each of the E&P contracts for Llanos 39 and Llanos 52 from Ecopetrol under two Farm Out Agreements, dated May 29, 2018. Following this transaction, SierraCol Condor holds a 50% working interest in the Llanos 39 E&P contract and a 48% working interest in the Llanos 52 E&P contract.

The Llanos 39 E&P Contract has an effective date of June 15, 2012 and the Llanos 52 E&P Contract has an effective date of September 30, 2011 and both contracts remain in phase 1 of the exploration period. Currently, Llanos 39 and Llanos 52 Exploration & Production contracts are both suspended due to *force majeure* conditions in the local area. Production coming from the Llanos 39 and Llanos 52 E&P Contracts is subject to the scaling Royalty Regime.

Other

- *Putumayo 8.* The Issuer holds a 50% working interest in the Putumayo-8 E&P contract, with GeoPark holding the remaining 50% working interest and operatorship in respect of such license. The effective date of the Putumayo-8 E&P Contract was May 19, 2011. The contract is currently in combined phases 1 and 2 of the exploration period, which has an initial term of 72 months, currently due to expire on June 27, 2022, and requires the drilling of three exploratory wells and the acquisition of 112km^2 of 3D seismic. Production coming from the Putumayo 8 E&P Contract is subject to the scaling Royalty Regime.

- *Putumayo 36.* The Issuer holds a 50% working interest in the Putumayo-36 E&P contract, with GeoPark holding the remaining 50% working interest and operatorship in respect of such license. The execution date of the Putumayo-36 E&P Contract was December 20, 2019. The contract is currently in a preliminary phase of 24 months, which is due to expire on December 20, 2021. The effective date will begin at the end of the preliminary phase. A request was made for the declaration of *force majeure* over the Putumayo-36 E&P Contract, and the suspension of activities, due to a municipal accord suspending oil and has activities in the region. This has not yet been granted by the Colombian regulatory authority. Production coming from the Putumayo 36 E&P Contract is subject to the scaling Royalty Regime.

Offtake Arrangements

We have entered into three offtake agreements with Ecopetrol for the sale of all the oil under the association contracts and collaboration agreements to which the legacy SierraCol entities are a party. The legacy COG entities have entered into an offtake agreement with BP for the sale of all crude produced by them. The offtake agreements terms are of one or two years and none of them provide for automatic renewal. If an offtake agreement needs to be renewed, an amendment will be executed to formalize such renewal. None of the agreements require Ecopetrol to provide a guarantee as security of payment (e.g., a letter of credit, a banking guarantee, an administration trust or an insurance policy).

Caño – Limón Offtake

All oil production under the Cravo Norte, Chipirón, Rondón and Cosecha Association Agreements ("Caño Limón Contracts") is currently sold to Ecopetrol pursuant to a crude oil sales agreement entered into on June 24, 2020 (the "Caño Limón Offtake Agreement"). Under such agreement, Ecopetrol is obligated to buy and receive all crude oil delivered to the Coveñas maritime terminal. The Caño Limón Offtake Agreement has an initial term expiring on June 30, 2021.

Crude delivered under the Caño Limón Offtake Agreement is sold according to price formulas based on market reference indices (Brent price and Vasconia differential) and discounts that consider quality adjustments.

Production from the Caño Limón Contracts is transported to the Coveñas maritime terminal via the Caño – Limón Coveñas Pipeline, in which the Issuer and SierraCol Arauca have a reserved capacity, to guarantee the transportation, storage and exportation of their oil production from the Caño Limón area. The terms of the Issuer and SierraCol Arauca access rights to the Caño – Limón Coveñas Pipeline are governed by: (i) a usufruct agreement with Ecopetrol, dated January 1, 2009, amended on February 28, 2011; (ii) a transportation agreement with Ecopetrol, dated February 28, 2011; and (iii) a port agreement entered into with Ecopetrol, dated February 28, 2011. In return for such access and transportation rights, the Issuer and SierraCol Arauca pay a transportation fee for each barrel of crude oil production transported by Ecopetrol under the Caño – Limón Coveñas Pipeline transportation agreements.

Due to the public order situation and terrorist acts against the Caño – Limón Coveñas Pipeline, Ecopetrol and the Issuer and SierraCol Arauca agreed to an Emergency Evacuation Accord to provide for the evacuation of a portion of crude oil produced under the Caño Limón Contracts, in order to prevent shutdowns of operation under the Caño Limón Contracts where the Caño – Limón Coveñas Pipeline is out of service and storage has reached maximum capacity. The Emergency Evacuation Accord has an initial term from November 1, 2019 until October 31, 2021, but can be extended if the parties considered it necessary due to the situation in the CLC Pipeline.

La Cira Infantas Offtake

The Issuer is party to a crude oil sales agreement with Ecopetrol, effective as of October 1, 2020, whereby Ecopetrol purchases 100% of the oil produced in the La Cira Infantas area (the "LCI Offtake Agreement"). The term of the LCI Offtake Agreement is currently due to expire on September 30, 2022.

Crude delivered under the LCI Offtake Agreement is sold according to price formulas based on the Vasconia differential market reference indices and discounts that consider transportation costs and quality adjustments.

Production from the La Cira Infantas area is transported to the Barrancabermeja Refinery via the El Centro – Galán Pipeline.

Teca – Cocorna Offtake.

The Issuer is party to a crude oil sales agreement with Ecopetrol, entered into on August 28, 2020, under which Ecopetrol purchases 100% of the crude oil produced in Teca (the "Teca – Cocorna Offtake Agreement"). The Teca – Cocorna Offtake Agreement has an initial term expiring on August 31, 2022.

Crude delivered under the Teca – Cocorna Offtake Agreement is sold according to price formulas based on market reference indices (Castilla Blend) and discounts that consider transportation costs and quality adjustments.

COG Offtake

The Issuer is party to a crude oil sales agreement with GOAM 1 CI S.A.S. ("GOAM"), a BP PLC Colombian subsidiary, effective as of January 1, 2021, whereby the Issuer is obligated to sell to GOAM 100% of the crude oil produced in the Alcaraván, Río Verde, Los Hatos, Bolivar, Bocachico and Llanos 23 areas and any other contracts entered into by the Issuer in the future (the "COG Offtake Agreement").

The term of the COG Offtake Agreement is currently due to expire on January 31, 2023.

Crude is sold according to price formulas based on market reference indices and discounts that consider transportation costs and quality adjustments, among others.

Production from the Alcaraván, Río Verde, Los Hatos, Bolivar, Bocachico and Llanos 23 area is transported to the Paloblanco station operated by COG and located in the municipality of Mani, Casanare, through the pipeline with which BP has a transportation agreement. The Issuer will be responsible for the crude oil up to the Paloblanco station, at which point GOAM will assume all risks and responsibilities associated to such oil. Furthermore, GOAM will export the oil for its subsequent sale in the international markets.

Field and Commercial Partners

A significant proportion of our assets are owned, explored and developed through commercial partnerships with Ecopetrol or GeoPark. When we evaluate whether to enter into a commercial arrangement, we seek prospective commercial partners who will complement our existing strengths. We conduct thorough business and financial diligence on all of our prospective commercial partners and strive to ensure they will be able to finance their portion of work programs.

During the life-cycle of the commercial arrangement, we often have a very active role in the technical, financial and administrative management of operations. We typically maintain involvement in many aspects of operations and provide draft compliance reports and other required government submissions. We work closely with our commercial partners to ensure that we remain in compliance with the ongoing obligations under the licenses or agreements pursuant to which we operate.

Competition

The oil and gas business is highly competitive in the search for and acquisition of reserves in the procurement of rigs and other production equipment, in the production and marketing of oil and gas, and in the recruitment and employment of qualified personnel. We compete with a substantial number of other companies, many of which explore for, produce and market oil and gas, carry on refining operations and market the resulting products on a worldwide basis. Our competitors include national oil companies, major international oil and gas companies as well as independent oil and gas companies, such as GeoPark, Frontera Energy, GranTierra Energy and Canacol Energy. See "*Risk Factors—Risks Relating to Our Business—We depend on key members of management, independent experts, technical or operational service providers and on our ability to retain and hire such persons to effectively manage our growing business*" and "*Risk Factors—Risks Relating to the Oil and Gas Industry—We carry out business in a highly competitive industry*."

In addition, we compete with oil and gas companies in the bidding for exploration and production licenses, farm-ins and other contractual interests in licenses that are made available by governments or are for sale by third parties. Competition for such assets is likely to come from companies already present in the region in which the production licenses are located as well as new entrants. Competition also exists between producers of oil and gas and other industries producing alternative energy and fuel, such as solar and wind.

Furthermore, competitive conditions may be substantially affected by various forms of energy legislation and regulation considered from time to time by the governments of the jurisdictions in which we operate. It is not possible to predict the nature of any such legislation or regulation that may ultimately be adopted or its effects upon

our future operations. Such legislation and regulations may, however, substantially increase the costs of developing, producing, or exploring for gas and oil and may prevent or delay the commencement or continuation of a particular operation. The effect of these risks cannot be accurately predicted. See "*Risk Factors—Risks Relating to Our Business—Certain of the countries in which we do business face political, economic, fiscal, legal, regulatory and social uncertainties which could materially and adversely affect our business, prospects, financial condition and results of operations*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Hedging*."

Employees

As of March 31, 2021, we had approximately 500 full time equivalent employees worldwide, all of which are working in the exploration and production segment. In addition, we hire professionals on a contract or consulting basis, as needed.

We offer our employees, including executive officers, various benefits, including medical assistance and life insurance, in addition to other labor benefits under Colombian labor law.

We have previously experienced work stoppages that resulted in a loss of net production. If a work stoppage or other labor disturbance occurs, we or our contractors may not be able to negotiate acceptable terms for any collective bargaining agreements or future restructuring agreements or may become subject to material cost increases or additional work rules imposed by such agreements. Other companies operating oil and gas fields in Colombia have experienced labor unrest recently. We cannot assure investors that we will not experience further labor unrest in the future.

Environmental Matters

Under Colombian Law, in particular Law 99 of 1993 and Decree 1076 of 2015, oil and gas companies are required to obtain environmental licenses prior to undertaking any activity for exploration, exploitation, transportation by ducts, handling and storage of hydrocarbons and construction of refineries, except for certain seismic exploration activities. As part of the process for obtaining the environmental license set forth in the law, oil and gas companies developing projects for seismic exploration requiring the construction of roads, and transport of oil, gas outside exploitation camps and construction of refineries may require an environmental diagnosis of alternatives. This diagnosis is used by the Colombian National Environmental Licensing Authority ("ANLA") to evaluate and compare different options in which the project can be developed, to choose an option that optimizes and rationalizes the use of natural resources. Once the option has been chosen, or if it is not required, the companies must file an Environmental Impact Assessment before the National Environmental Licensing Authority. This study must include, among other things, an environmental management plan, a study of natural resources that will be demanded in the project and proof of the mechanisms established to prevent, compensate, correct and mitigate the activities that could affect the environment, natural resources, human health and the landscape. The ANLA has power to grant or deny environmental licenses for works, projects or activities related to exploration or exploitation of hydrocarbons.

This type of license implicitly includes all permits, authorizations and/or concessions for the use, development and/or allocation of natural renewable resources that are necessary for the lifetime of the project, work or activity, including the use of large amounts of water for consumption, the discharge of industrial wastewater into the coastlines or rivers, logging or the production of atmospheric emissions of gases. The license subjects its beneficiary to compliance with the requirements, terms, conditions and obligations that it establishes related to the prevention, mitigation, correction, compensation and management of the environmental effects of the oil and gas project. Pursuant to Article 43 of Colombian Law 99 of 1993 and Decree 2099 of 2016, which was integrated to Decree 1076 of 2015, companies that use natural water resources must use 1% of their total investment in the project to the preservation, conservation, recovery and supervision of the natural water resources used. If a company requires an environmental license for its operations but does not use natural water resources, the company will not be subject to such investment obligation.

The Ministry of Environment and Sustainable Development is the national environmental authority in charge of issuing national policies, regulations and programs related to environment and sustainable development in Colombia. At a regional level, the Regional Autonomous Corporations are the highest environmental authorities in

the area of their respective jurisdiction. These organizations are responsible for executing and overseeing all policies, regulations and programs issued by them or the Ministry of Environment and Sustainable Development.

Failure to comply with the environmental regulation and the obligations of the environmental license or causing damages to the environment, under the same grounds of tort liability (*responsabilidad civil extracontractual*) could lead to the initiation of a punitive administrative proceeding under Law 1333 of 2009. If the alleged offender cannot refute the presumption of negligence or willful misconduct, administrative environmental penalties will be imposed. These penalties may include:

- daily fines of up to the equivalent of 5,000 minimum monthly legal salaries (equal to US$1,215,611 at an exchange rate of US$1.00 = Col$3,736.91);
- provisional or definitive closing of the establishment, buildings or services;
- revocation of environmental licenses, authorizations, concessions, permits or registrations;
- demolition of the construction at the expense of the offender;
- confiscation of the goods used in connection with the environmental violation;
- restitution of the wild fauna or flora; and
- community work in accordance with the conditions established by the environmental authority.

The statute of limitations for these environmental violations is 20 years beginning from (i) the occurrence of the relevant act or omission, or (ii) when the damage is caused. In the event of successive acts or omissions, the statute of limitations runs from the last day on which the act or omission occurred. In addition, administrative environmental sanctions do not preclude tort or criminal liability.

Certain Regulatory Regimes

Upstream Regulation

Colombia is a hydrocarbons-rich country and our management believes there is significant potential for value creation through the application of modern technology and exploitation strategies to undercapitalized producing fields. Alongside this potential, the Colombian government has demonstrated its willingness to encourage foreign participation in exploration projects with the introduction of exploration and production contracts, where operators are afforded access to uncontracted licenses by committing to an exploration work program with no initial payment to the government. Historically, all oil and gas production came from concessions granted to foreign operators or undertaken by Ecopetrol through the execution of association contracts with foreign companies. The regulatory regime in Colombia underwent a significant change in June 2003 with the formation of ANH, which is now responsible for managing areas where hydrocarbons can be found in Colombia, either onshore or offshore. Since 2004 ANH has been responsible for awarding new exploration and production contracts ("E&P Contracts"), which grants companies the right to receive and dispose of all the production obtained (subject to the payment of royalties and ANH's economic rights), and signing TEAs, which grants companies the right to explore an area in order to collect technical and geological information and determine the potential for hydrocarbons, before committing to a full E&P Contracts. Finally, ANH is also tasked with significantly increasing the amount of new exploration and production in the country. Ecopetrol maintains its exploration and production activities across the country but faces direct competition in the private sector in future projects.

In general terms, ANH grants TEA and E&P Contracts through competitive procedures denominated "Rondas," through which interested oil companies participate in public bidding procedures, and the ANH grants the contract to the company that offered higher investment commitments and economic rights to the ANH. Rondas have been regulated by different accords issued by the ANH. Currently, the granting of E&P Contracts is regulated by Accord 002 of 2017, released on May 17, 2017, replacing Accord 04 of 2014. Accord 002 maintains the Rondas allocation scheme.

Accord 002 of 2017 brought a new bidding procedure denominated "*Proceso Permanente de Asignación de Áreas*" ("PPAA") through which interested companies must accredit before ANH their legal, economic-financial, technical-operational, environmental and social responsibility capacities. Companies not interested in being the operators of the E&P Contracts to be executed will only have to accredit their legal, economic-financial and technical-operational capacities. Companies may submit their offers as individuals or in plural structures (consortiums, temporal unions, or promise of future company), additionally participating companies may accredit their capacities through their controlling or parent companies. Once accredited by ANH, the companies may participate in the continuous offers made by ANH of different areas that may be postulated by the interested company or ANH. ANH will determine a cut-off date for accreditation and a public hearing will take place for the selection of the offers. ANH will select the best offer and other participants will have the right to make a counteroffer that improves the initial offer, as a final step, the company that made the first best offer will have the chance to improve the counter offer as well. As a result of the PPAA, companies will enter into E&P Contracts for onshore or offshore licenses. The areas and conditions for participation in the PPAA are updated annually by ANH.

During the course of 2019 and 2020, 30 areas were awarded across the three-round cycles of the PPAA. Several addendums have modified the terms of references of the PPAA, but the applicable terms of reference of such bidding process are currently included in Addendum No. 19 of November 4, 2020. Furthermore, on March 25, 2021, the ANH carried out the pre-launch presentation of the fourth cycle of the PPAA called Colombia Round 2021. Within this cycle, 32 areas would be offered for the exploration and production of oil and gas, 12 of such areas will be offered for TEAs and 20 for E&P Contracts.

The ANH announced some novelties/changes that will be implemented for this Colombia Round 2021, including:

- a new, more agile, and simplified contractual model;
- release and redefinition of areas in the land map;
- free access to complete information packages (data room);
- adoption of blockchain technologies;
- time spaces available for interaction with the industry; and
- review of the qualification criteria for exploration and production.

The terms of the E&P Contracts are divided into two stages: the exploration and production periods. In general, the first period lasts six years for continental areas (nine years for offshore areas) from its effective date and is divided into phases which can be extended for a limited period if the contractor meets the requirements provided in the contract, or suspended in case a duly evidenced force majeure event, or a third-party act, affects the exploration stage in which case the term of suspension awarded by the ANH will be reinstated to the term of the exploration stage. The contract allows also subsequent exploratory programs which can last four years. Once a discovery is made, the evaluation period starts and lasts one year, which can be extended for one additional year. The production period applies separately to each production area, it lasts 24 years for continental areas (30 years for offshore areas) counted from the date ANH receives the declaration of commerciality from the contractor, and can be extended up to the economic limit of the commercial field if the company complies with four basic requirements and the approval of ANH: (i) a written extension request within the terms provided in the contract before ANH; (ii) continuous production; (iii) an active enhanced oil recovery plan or in-fill project; and (iv) a payment of 5%-10% of the value of the remaining reserves, depending on if they are oil or natural gas.

Relinquishment of part or all of the area subject to the E&P Contract depends on the stage of the contract. Terms and conditions vary, but under normal circumstances the contractor must relinquish 50% of the area at the end of the six-year exploration period if the contractor continues to explore under a subsequent exploration program, and there is an ongoing evaluation program or a discovery. If not, the operator must relinquish 100% of the area that is not under evaluation or production. Another 25% must be relinquished if the contractor decides to continue with the second phase of the subsequent exploration program. The operator and ANH may also agree on the relinquishment of certain parts of a contracted area during the initial six-year exploration period as part of the

obligations assumed in the exploration program and on a license by license basis, depending on the scope of the exploration work program and the size of the area. The contractor also has the option to relinquish all or part of the area after each exploration phase.

Under our E&P Contracts, we must pay surface fees during the exploration and evaluation stages and royalties and windfall profits during the production stage, regardless of the type of deposit. In addition, the hydrocarbons obtained as a result of production tests conducted during the performance of the evaluation program will also cause economic rights in favor of ANH.

Downstream Regulation

As a gas producer under E&P Contracts, we are entitled to sell (through the gas supply contract modalities approved by CREG), gas and liquid fuels sector our production to the primary wholesale market, whose buyers are commercialization companies and non-regulated users (big consumers).

As per CREG's resolution 186 of 2020, natural gas may be sold largely through three mechanisms:

(i) *Direct negotiations*. Pursuant to article 19 of CREG Resolution 186 of 2020, direct negotiations may be entered into by producers in the following situations, and during any time of the year:

- when the natural gas comes from the following sources of production:

  Extensive fields test or fields which commerciality has not been declared.

  Minor fields.

  Unconventional fields.

- when the natural gas comes from isolated fields, this is fields that have no connection, through pipelines to the National Transportation System, particularly regarding the connection points of Ballena in La Guajira region or Cusiana in Casanare region;

- when the natural gas comes from the development of a new field. In this case direct negotiation applies for the first three years counted as of the date the field was declared commercial, However, once the three-year period expires, the natural gas shall be sold through long-term agreements and one-year contracts;

- when the natural gas is offered in the modality of option to buy against exports, provided that the quantity to be negotiated does not exceed the quantity sold, or to be sold, by the producer destined to be exported; and

- when the natural gas is offered through the modality of contingency supply.

Producers of natural gas may, in any of the cases listed above, sell natural gas through agreements with the term agreed upon freely by the parties, provided such agreements expire on November 30 of the year agreed upon by the parties. Additionally, pursuant to articles 8 and 20 of Resolution CREG 186 of 2020, agreements resulting from direct negotiations may only be entered into through the following modalities: (i) 95% firm supply CF95, (ii) C1 supply, (iii) C2 supply, (iv) option to buy against exports, (v) contingency supply, (vi) conditioned firm supply, and (vii) option to buy. All of the agreements under the mentioned modalities shall have as a termination date November 30 of the applicable year. The restrictions do not apply, and therefore parties may freely agree the supply conditions, when the natural gas comes from extensive fields test or fields which commerciality has not been declared.

(ii) *Long-term negotiation*. Within windows established by article 22 of CREG Resolution 186 of 2020 and only by means of CF95 firm supply, conditioned firm supply, and option to buy agreements, cases in which the term

may be three years or more. In any case the price at the supply start date shall correspond to the price agreed upon by the parties at the date of execution of the contract.

(iii) *One-year negotiations*. In cases not covered under (i) and (ii) above, gas supply agreements with a one-year term may be negotiated in the terms contained in article 23 of CREG Resolution 186 of 2020.

The export of natural gas may be subject to restrictions in case that there is a shortage to cover the national demand.

Gas Transportation Regulations

Transportation of hydrocarbons is considered a public utility activity in Colombia and therefore is under governmental supervision and control. Transportation and distribution of natural gas must comply with Law 142 of 1994, the Petroleum Code (*Decreto 1056 de 1953 – Código de Petróleos*), the regulations issued by MME and by the CREG (as applicable).

Natural gas transportation activities consist of transporting natural gas through steel pipelines at high levels of pressure from natural gas production sites to the entrances to large cities (*puerta de ciudad*) and to large consumers (thermal power plants and large industries). These pipelines form part of the National Transportation System. Natural gas transportation is considered a natural monopoly and is regulated in price, quality and access.

Because we are producers of natural gas under E&P Contracts, as determined by article 5 of CREG Resolution 057 of 1996, we may not perform transportation activities. We are also restricted from having an economic interest in a company that performs transportation activities. An economic interest is present, in the case of producers, and under article 6 of CREG Resolution 057 of 1996, in the following events:

- When companies, their parent companies, their subordinates or their related companies that are parties to a contract to share profits or reduce costs, or to any kind of risk-sharing contract with natural gas transportation companies; or

- When a production company that has:

  Shares, quotas or parts of interest in the capital of a transport company in a percentage higher than 25% of the capital stock;

  Loans with the transport company under more favorable conditions than those prevailing in the market;

  Any influence in the determination of the price of transportation or of the services offered by the transportation company.

The building, operation and maintenance of the pipelines must comply with environmental, social, technical and economic requirements under national and international standards. In connection with environmental requirements, pursuant to Decree 1076 of 2015, the following projects, works or activities related to gas transportation will require an environmental license for their development, among others: (i) the transportation and conduction of liquid and gaseous hydrocarbons that are developed outside the fields of exploitation that involve the construction and assembly of infrastructure of conduction lines with diameters equal or superior to six inches, including pumping stations and/or pressure reduction and the corresponding storage and flow control infrastructure; except those activities related to the distribution of natural gas for home, commercial or industrial use; and (ii) the delivery terminals and hydrocarbon transfer stations, understood as the storage infrastructure associated with the transportation of hydrocarbons and their products and derivatives by pipelines. Transportation networks must follow specific conditions regarding design and specifications, while complying with the quality standards demanded by the oil and gas industry. The hydrocarbon transport activity can be developed by third parties and must meet all requirements established by law.

Transport contracts shall be executed in the contract modalities approved by CREG which are regulated by CREG's resolution 185 of 2020, that is (i) trimestral firm transport capacity, (ii) conditioned firm transport capacity, (iii) option to buy transport capacity, (iv) contingency transport capacity, and (v) transport capacity with

interruptions. Transport tariffs are regulated in CREG's resolution 126 of 2010 (as amended by CREG Resolutions 66, 89 and 123 of 2013, and Resolution 148 of 2017) which established the general framework for the determination by the CREG of the rates to be charged for gas transportation services. Additionally, it established the criteria for determining the amounts that the CREG will recognize as investment in the expansion of the gas pipeline system and AO&M costs for purposes of determining the rates. On the same subject, CREG issued resolution 202 of 2013 (as amended) to establish the general criteria applicable to the remuneration of the distribution activity. This resolution includes expansions, new investments and AO&M costs, among others, as relevant variables to determine the applicable tariffs.

As producers of natural gas under E&P Contracts, as determined by article 6 of CREG Resolution 057 of 1996, we may own shares of a company whose purpose is the distribution of natural gas if those shares do not exceed 20% of the capital stock of such distribution company. Additionally, multiple production companies may not own an aggregate of more than 30% of the shares of a natural gas distribution company.

Governmental Regulatory Entities

The following are the main governmental entities that regulate and surveil our activities in Colombia:

Control Entities

We are subject to the supervision of the Superintendence of Corporations, the governmental body responsible for supervising corporations domiciled in Colombia. As well, the National Tax and Customs Office (DIAN) is responsible for controlling and administering national level taxes, whereas local taxes are controlled and audited by the corresponding section of the local government.

ANH

ANH was created in 2003 and is responsible for the administration and regulation of Colombia's hydrocarbon reserves. ANH's objective is to manage the hydrocarbon reserves owned by Colombia through the design, promotion and negotiation of the exploration and production agreements in areas where hydrocarbons are found. ANH also offers support to the MME in the drafting of governmental policies for the sector.

Moreover, ANH is responsible for creating and maintaining attractive conditions for private investments in the hydrocarbon sector and for designing bidding rounds for exploration licenses. Any oil company selected by ANH to explore a specific license must execute an E&P Contract with ANH. All royalty payments in connection with the production of hydrocarbons are made to ANH in-kind unless ANH grants a specific waiver to make royalty payments in cash as determined by the competent authority.

ANH's main goals are: (1) managing hydrocarbons in Colombia and assigning them for E&P through land tenure policies; (2) executing royalty policies; and (3) performing the necessary actions to support national hydrocarbon demand.

Hydrocarbons companies operating in Colombia are required to send to ANH information on the evolution of exploratory activities.

Ministry of Mines and Energy — MME

The energy sector is under the jurisdiction of the MME. The MME is responsible for adopting the Colombian government's policies on: (i) the exploration, production, transportation, processing and distribution of minerals and hydrocarbons and (ii) the development of the mining and energy sectors. Pursuant to the prioritization criteria set by article 2.2.2.2.1 of Decree 1073 of 2015 (as amended by Decree 2345 of 2015) and the powers granted by article 2.2.2.2.4 of the same decree, the MME must determine the order of supply of natural gas to the demand in certain extraordinary circumstances such as severe supply restrictions, in which the existing supply of natural gas may not be sufficient to satisfy the demand for such fuel. In addition, the MME establishes the Colombian government's policies for natural gas exports.

Ministry of the Environment and Sustainable Development — MESD

The MESD is responsible for the environmental policy-making that may affect the gas sector, since there are certain environmental requirements that must be met in order to develop projects of gas transportation and distribution as mentioned above.

National Environmental Licenses Authority — ANLA

The National Environmental Licenses Authority is responsible for granting or denying environmental licenses and permits of competence of the MESD, which are large-scale projects, such as (i) seismic exploration activities that require the construction of roads for vehicular traffic and seismic exploration activities in marine areas of the national territory when carried out at depths of less than 200 meters, (ii) exploratory drilling projects outside existing hydrocarbon production fields, according to the area of interest declared by the petitioner, and (iii) the exploitation of hydrocarbons, which includes the drilling of wells of any type, the construction of facilities inherent to the activity, complementary works including the internal transportation of fluids from the field by pipelines, internal storage, internal roads and other associated and related infrastructure.

Autonomous Regional Corporations

The Autonomous Regional Corporations are responsible for the execution of the policies, plans, programs and projects regarding the environment and renewable natural resources in their jurisdiction. They are also responsible for granting individual environmental permits for logging, water concessions, water discharge, air emissions, riverbed occupation, etc., applicable as the project, work or activity may require them for its operation.

Energy and Gas Regulatory Commission — CREG

The CREG is an administrative body comprised of the following members: The Minister of Mines and Energy, the Minister of Finance and Public Credit, the Director of the National Planning Department and eight independent technical experts appointed by the President of Colombia. The CREG's principal purpose is to ensure that companies in the sector provide economically efficient and high-quality energy and gas related services. The CREG fulfills this purpose by, among other things, (i) issuing resolutions applicable to the provision of energy-related services, (ii) promoting competition through open and non-discriminatory access to and use of the transportation and distribution networks, and (iii) establishing the tariff structure for the provision of energy and gas-related services.

Natural Gas Market Operator — BMC

The BMC is in charge of collecting, centralizing and publishing the transactional and operational information of the natural gas sector. It is also in charge of managing the Primary and Secondary Natural Gas markets.

Superintendence of Domestic Public Services — SSPD

The SSPD is an administrative body created by the Political Constitution of 1991 that is primarily responsible for:

- inspecting, controlling and monitoring all companies providing public utility services;
- enforcing regulations, imposing penalties and generally overseeing the financial and administrative performance of public utility service companies;
- developing the accounting norms and rules for public utility service companies; and
- in general, organizing statistical and other information networks and databases pertaining to public utilities.

Mining and Energy Planning Unit — UPME

UPME is a special administrative unit of the MME, created by Decree 2119 of 1992, and restructured by Decree 1258 of 2013, and is responsible for developing and updating the National Energy Plan and the Gas Supply Plan and the National Electric Reference Expansion Plans. Pursuant to article 4 of Decree 1258 of 2013, UPME is also responsible for forecasting the overall energy requirements of Colombia, planning and developing ways and means to satisfy such energy requirements, including the development of alternative sources of energy, and establishing programs to conserve and optimize the use of energy.

Legal and Arbitration Proceedings

We become involved from time to time in various claims and lawsuits arising in the ordinary course of our business. We are not, nor have we been during the past twelve months, involved in any governmental, legal or arbitration proceedings which, either individually or in the aggregate, have had, or are expected to have, a material adverse effect on our financial position or profitability, nor, so far as we are aware, are any such proceedings pending or threatened. For a summary overview of current legal proceedings, see note 27 to the Combined Financial Statements included elsewhere in this offering memorandum.

MANAGEMENT

Directors and Key Officers

The following table provides information regarding our executive officers and the directors of Flamingo Jersey.

Name	Age	Position
Bernardo Ortiz	54	Chief Executive Officer
Sébastien Garnier	46	Chief Financial Officer
Ricardo Alvarez	63	Chief Operating Officer
Fred Watchorn	51	Head of Exploration and Business Development
Juliana Hoyos	34	General Counsel
Tony Hayward	64	Executive Chairman
Marcel van Poecke	61	Director
Bob Maguire	65	Director
Eric Faillenet	53	Director
Heather Mitchell	49	Director
Felipe Posada	54	Director

Bernardo Ortiz

Bernardo Ortiz has been our Chief Executive Officer since the Acquisition. Prior to his current position at SierraCol, Mr. Ortiz was at Oxy from 2005 to 2020, where he held various leadership roles from Vice President of Business Development for Latin America, Vice President for Planning and Evaluation for operations in Southern California and Operations Manager of Worldwide Engineering and Technical Services. Prior to Oxy, he was Deputy Chief of Mission and *Chargé d'Affaires* at the Colombian Embassy in Washington, D.C., Vice Minister of National Defense and held different positions of high responsibility in the National Planning Department, the Organization of American States, the Ministry of Finance and the Presidency of the Republic of Colombia.

Mr. Ortiz holds a B.S. from the Universidad Externado de Colombia, a Master of Science in Public Policy from the University of London, Queen Mary College and a Master of Science in Management from the London School of Economics. He also studied at the Petroleum SuperSchool at the Colorado School of Mines.

Sébastien Garnier

Sébastien Garnier has been our Chief Financial Officer since January 2021. Mr. Garnier has more than 20 years of experience in senior management and finance positions, mainly within the international oil and gas industry, in Europe, South America, South East Asia and Africa. Prior to his current position at SierraCol, Mr. Garnier served as a Finance Manager at Perenco from 2003 to 2005 before joining Petroleos del Norte in 2005, where he was named chief financial officer of the rebranded company, Petrolatina Energy Limited, following its sale until 2009, after which he re-joined Perenco, where he held various senior finance positions between 2009 and 2019.

Mr. Garnier holds a Bachelor's degree in Mathematics and Natural Sciences and he obtained his MBA from *École Supérieure Internationale d'Administration des Entreprises* (ESIAE).

Ricardo Alvarez

Ricardo Alvarez has been our Chief Operating Officer since the Acquisition. Prior to his current position at SierraCol, Mr. Alvarez was at Oxy since 1982, where he held a number of leadership roles from Operations Engineering Manager - Field Operations in Colombia, Operations Field Team Leader in Qatar, Field Manager in Ecuador, Development Manager of the La Cira Infantas license, Vice President of Northern Llanos operations and Senior Operations Vice President in Colombia. Since 2006, he has also served as chairman of the Directive Council of the *Corporación para la Investigación de la Corrosión*.

Mr. Alvarez holds a B.S. in Petroleum Engineering from the Universidad Industrial de Santander-Colombia.

Fred Watchorn

Fred Watchorn serves as our Head of Exploration and Business Development. Mr. Watchorn has 17 years of E&P experience in all of the Colombian basins. He previously held a number of positions at COG from 2013 to 2021, from Vice President of Geoscience to Chief Operating Officer. Before COG, Mr. Watchorn served as Geoscience Manager at Canacol from 2009 to 2013, a geophysicist at Tullow Oil from 2008 to 2009 and a geophysicist at Oxy from 2001 to 2008, operating out of Yemen, Houston and Colombia during such period.

Mr. Watchorn holds a BSc in Geology from University College Dublin, an MSc in Geophysics from the Durham University and a PhD in Geology from the University of London.

Juliana Hoyos

Juliana Hoyos serves as our General Counsel. She was previously an attorney at Oxy from 2011 to 2020 and, before that, was an associate at the law firm Posse, Herrera & Ruiz from 2009 to 2010.

Ms. Hoyos has a JD from Andes University and also obtained a Corporate Social Responsibility Specialization from the Universidad Externado de Colombia.

Tony Hayward

Tony Hayward serves as the Executive Chairman of Flamingo Jersey. He currently serves as chairman of Glencore since 2013. Previously, Mr. Hayward served as chief executive officer of Genel Energy plc from 2011 to 2015 and chairman from 2015 to 2017 and, before that, was the chief executive officer of BP from 2007 to 2010.

Mr. Hayward holds a BSc in Geology from Aston University and a PhD from Edinburgh University. He is also a Fellow of the Royal Society of Edinburgh, visiting Professor in the School of GeoSciences at the University of Edinburgh and holds honorary doctorates from the University of Edinburgh, Aston University, the University of Birmingham and Aberdeen's Robert Gordon University.

Marcel van Poecke

Marcel van Poecke has been a director of Flamingo Jersey since December 2020. He currently serves as a Managing Director at Carlyle and is the Head of CIEP. Mr. van Poecke also serves as chairman of AtlasInvest, a private holding company he founded in 2007, chairman of ONE-Dyas, an AtlasInvest portfolio company, vice chairman of the Energy Intelligence Board, chairman of VARO, vice chairman of CEPSA as well as various other directorships at other CIEP portfolio companies.

Mr. van Poecke has a degree in agricultural business administration from University of Wageningen and an MBA from the William E. Simon School of Management of University of Rochester.

Bob Maguire

Bob Maguire has been a director of Flamingo Jersey since December 2020. He currently serves as a Managing Director for CIEP and also serves on the boards of directors of various other CIEP portfolio companies. Prior to joining Carlyle, Mr. Maguire was a Partner at Perella Weinberg Partners, and prior to that, he worked as an investment banker for more than 21 years at Morgan Stanley.

Mr. Maguire holds an AB from Princeton University, an MA from Oxford University and a JD from University of Virginia School of Law.

Eric Faillenet

Eric Faillenet has been a director of Flamingo Jersey since December 2020. He currently serves as a Managing Director at Carlyle, and also serves on the boards of directors of various CIEP portfolio companies. Prior to joining CIEP in April 2014, Mr. Faillenet was Africa Regional Manager with Perenco, an independent oil and gas company with operations in 15 countries in Africa, Latin America, the Middle East, the U.K. and Vietnam. Mr. Faillenet joined Perenco in 1994 and held a number of positions in production and operations in various subsidiaries,

as well as in business development in London, before becoming Operations Manager, and subsequently General Manager of the Guatemala subsidiary, acquired from Anadarko in 2001. Mr. Faillenet then transferred to the same position in Congo, and, in 2007, became General Manager of Perenco Gabon, then the largest subsidiary. From 2010 to 2012, Mr. Faillenet was General Manager of Perenco UK.

Mr. Faillenet is a graduate of Ecole Centrale de Lyon in France and has an MSc in Electronic Control Engineering from Salford University, England.

Heather Mitchell

Heather Mitchell has been a director of Flamingo Jersey since December 2020. She currently serves as a Partner and Managing Director at Carlyle and also serves as Carlyle's Chief Risk Officer, chairing the firm's Risk Committee. She is also global General Counsel for Investments and Head of Carlyle's EMEA region. Ms. Mitchell also serves on the boards of various Carlyle portfolio companies as well as the Cornell Law School. Prior to joining Carlyle in 2002, Ms. Mitchell was an associate with the law firm Akin, Gump, Strauss, Hauer & Feld, LLP and she previously worked at Kaiser Group International, Inc. as Vice President, Corporate Counsel.

Ms. Mitchell received her J.D. from the Cornell School of Law and her undergraduate degree from the State University of New York at Binghamton.

Felipe Posada

Felipe Posada has been a director of Flamingo Jersey since December 2020. He served as chief executive officer of COG from 2017 up to the COG Acquisition, but continues to be closely involved in the resulting transition. He is also a director at COG and each of its subsidiaries. Mr. Posada was previously a senior advisor at Bain and Co. from 2015 to 2017. Before that, Mr. Posada held various senior positions at BP from 1992 to 2015.

Mr. Posada has a law degree from the Universidad de los Andes in Bogotá and an MSc in Management from Stanford University.

Employment and Compensation Arrangements

Certain members of our senior management team are party to employment agreements that entitle them to certain compensation and benefits such as (i) discretionary bonuses, (ii) coverage of any type of work-related expenses, (iii) education allowance for family members, (iv) food services, housing or wardrobe, laundry, closet, and leisure-related benefits, (v) loans benefit for the purchase of housing or vehicle and (vi) other benefits according to the Company's policies. The Company also grants the employees a vehicle for business use and covers maintenance expenses.

The employees are not entitled to any additional severance payments other than statutory severance upon a qualifying termination of employment. The minimum statutory severance payments in Colombia are only granted upon the unilateral termination of the employment agreement without just cause, and the value of the severance depends on salary, seniority and type of employment agreement.

In addition, Flamingo Jersey has granted equity or equity-based awards to certain members of our senior management and other key employees under an equity or equity-based incentive program. Such awards generally vest over a number of years, subject to continued employment and/or upon achievement of certain performance targets, and entitle management to share in the future appreciation in the equity value of Flamingo Jersey or an affiliate of Flamingo Jersey. From time to time, we may also enter into additional compensation arrangements with certain members of our senior management or other key employees on terms to be determined.

PRINCIPAL SHAREHOLDERS

The Issuer is a direct, wholly owned subsidiary of Holdings and Holdings is a direct, wholly owned subsidiary of Parent, which is a direct, wholly owned subsidiary of Flamingo Jersey. All of the outstanding capital stock of Flamingo Jersey is owned directly by Carlyle and certain members of management. See "*Capitalization*."

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

In the course of our ordinary business activities, we may from time to time enter into agreements with or render services to related parties. In turn, such related parties may render services or deliver goods to us as part of their business. Purchase and supply agreements, cashless settlement agreements and service agreements between subsidiaries and affiliated companies and with associated companies or shareholders of such associated companies are entered or may be entered into from time to time within the ordinary course of business.

We believe that all transactions with affiliated companies are negotiated and conducted on a basis equivalent to those that would have been achievable on an arm's-length basis, and that the terms of these transactions are comparable to those currently contracted with unrelated third party suppliers, manufacturers and service providers.

Consulting Services Agreement

In connection with the Acquisition, we entered into two consulting services agreements with Carlyle, pursuant to which we pay Carlyle fees for advisory, consulting, hedging and other services provided to us. Pursuant to the consulting services agreements, which remains in effect until Carlyle owns less than 10% of our capital stock, we pay an annual fee to Carlyle of US$1.75 million (the "Monitoring Fee"). The Monitoring Fee is payable on a quarterly basis. We also pay Carlyle a US$250,000 hedging fee and reimburse their reasonable out-of-pocket expenses incurred in connection with services provided pursuant to one of the consulting services agreements, and we may pay Carlyle additional fees associated with other future transactions or in consideration of any additional services provided to us under the consulting services agreements. During the year ended December 31, 2020 and the three months ended March 31, 2021, we recorded US$0.1 million and US$0.5 million, respectively, of Monitoring Fee expenses, hedging fee expenses and other out-of-pocket expenses pursuant to the consulting services agreements. We did not record any such expenses for the year ended December 31, 2019.

Sales to Portfolio Companies of Funds Affiliated with the Sponsor

From time to time, we make sales to portfolio companies of funds that are affiliated with Carlyle, but these sales are not material and such sales are done on an arms-length basis.

Acquisition

Holdings reimbursed Carlyle for certain advisor fees and other reimbursement costs of approximately US$25 million in connection with the Acquisition in 2020.

COG Acquisition

On May 4, 2021, we consummated the COG Acquisition and acquired COG from certain funds that are affiliated with Carlyle. See "*Summary—The Transactions—COG Acquisition*."

Employment Agreements

From time to time, we may also enter into other employment or compensation arrangements with senior management or other key employees. See "*Management—Employment and Compensation Arrangements*."

TCG Capital Markets L.L.C.

TCG Capital Markets L.L.C., which is one of the initial purchasers in this offering, is an affiliate of our Sponsor and will receive customary initial purchaser discounts and commissions.

DESCRIPTION OF OUR NEW REVOLVING CREDIT FACILITY

Capitalized terms used but not defined in this "*Description of Our New Revolving Credit Facility*" have the meanings provided in the New Credit Agreement.

Overview

We expect to enter into the New Revolving Credit Facility with JPMorgan Chase Bank, N.A., Itaú (Panamá) S.A. and Deutsche Bank AG, Amsterdam Branch as revolving credit lenders, GLAS USA LLC, as administrative agent, and GLAS Americas LLC, as collateral agent for the lenders. Our New Revolving Credit Facility will provide for revolving loans and letters of credit pursuant to commitments in an aggregate principal amount of US$80.0 million, with a letter of credit sublimit in the amount of US$25.0 million. Our New Revolving Credit Facility will also provide a sublimit of at least US$25.0 million for the establishment of ancillary facilities with any lender under the revolving credit facility for purposes including, without limitation, same day borrowings, borrowings in currencies other than U.S. dollars, the issuance of bank guarantees and letters of credit, and other cash management services. On the Closing Date, we expect Holdings and the Issuer to be borrowers under the New Revolving Credit Facility, and we expect to have the ability to join other wholly owned restricted subsidiaries as borrowers in the future. We intend to use future borrowings under our New Revolving Credit Facility to fund working capital and for other general corporate purposes, including permitted acquisitions and other investments. Our ability to draw under our New Revolving Credit Facility or issue letters of credit thereunder will be conditioned upon, among other things, delivery of required notices, accuracy of the representations and warranties contained in the credit agreement governing our New Revolving Credit Facility and the absence of any default or event of default under New Revolving Credit Facility.

Subject to certain conditions, without the consent of the then existing lenders (but subject to the receipt of commitments), our New Revolving Credit Facility may be increased by an aggregate amount equal to US$50.0 million.

Interest Rate and Fees

Borrowings will bear interest at a floating rate which can be, at our option, either (i) a Eurocurrency rate for a specified interest period plus an applicable margin or (ii) an alternate base rate plus an applicable margin, in either case, subject to a Eurocurrency rate floor of 0.00%. The applicable margin for our New Revolving Credit Facility is expected to be 4.50% for Eurocurrency loans and 3.50% for base rate loans.

The following fees will be applicable under our New Revolving Credit Facility: (i) an unused line fee of 35% of the applicable margin for Eurocurrency rate loans per annum with respect to the unused portion of our New Revolving Credit Facility; (ii) a per annum letter of credit participation fee on the aggregate stated amount of each letter of credit available to be drawn equal to the applicable margin for Eurocurrency rate loans; (iii) a letter of credit fronting fee equal to 0.125% per annum on the aggregate stated amount of each letter of credit available to be drawn; and (iv) certain other customary fees and expenses.

Our New Revolving Credit Facility matures five years after the Closing Date. Borrowings under our New Revolving Credit Facility do not amortize.

Mandatory Prepayments

We may voluntarily prepay loans or reduce commitments under our New Revolving Credit Facility, in whole or in part, without premium or penalty, in minimum principal amounts to be agreed, with prior notice, subject to reimbursement of the lenders' redeployment costs in the case of a prepayment of Eurocurrency rate borrowings other than the last day of the relevant interest period.

We must prepay our New Revolving Credit Facility (with a commensurate decrease in revolving credit commitments) with 100% of the net cash proceeds of asset sales and casualty and condemnation events during certain payment or bankruptcy events of default or the incurrence or issuance of indebtedness (other than indebtedness permitted to be incurred under our New Revolving Credit Facility unless specifically incurred to

refinance a portion of our New Revolving Credit Facility), in each case, subject to certain reinvestment rights and other exceptions.

Security and Guarantees

Our obligations under our New Revolving Credit Facility will be guaranteed by Holdings and each of Holdings' current and future direct and indirect wholly owned restricted subsidiaries other than (i) subsidiaries designated as unrestricted, (ii) certain immaterial subsidiaries, (iii) any subsidiary that is prohibited or restricted by applicable law, rule or regulation or contractual obligation from guaranteeing our new senior secured credit facility or which would require governmental (including regulatory) consent, approval, license or authorization to provide a guarantee unless such consent, approval, license or authorization has been received, (iv) not-for profit subsidiaries, and (v) certain other subsidiaries as set forth under our New Revolving Credit Facility, in each case, subject to certain other customary exceptions.

Our obligations under our New Revolving Credit Facility will be secured by a first priority lien on the capital stock of Holdings and on substantially all of Holdings and the guarantors' assets, including the capital stock of each of Holdings and its subsidiary guarantors' direct wholly owned restricted subsidiaries, in each case, subject to certain exceptions. The subsidiaries of Holdings that guarantee our New Revolving Credit Facility will guarantee the Notes simultaneously when they become guarantors under the New Revolving Credit Facility.

Our New Revolving Credit Facility will also permit us to provide pari passu guarantees and security to certain of our hedging counterparties.

Covenants

Our New Revolving Credit Facility will contain customary negative covenants, including, but not limited to, restrictions on our and our restricted subsidiaries' ability to merge and consolidate with other companies, incur indebtedness, grant liens or security interests on assets, make acquisitions, loans, advances or investments, pay dividends, sell or otherwise transfer assets, optionally prepay or modify terms of certain junior indebtedness, enter into certain restrictive agreements or change our fiscal year. We will also be required to maintain a maximum total net leverage ratio, to be tested at the end of each fiscal quarter commencing with the first full fiscal quarter after the Closing Date.

Our New Revolving Credit Facility will contain customary affirmative covenants, including, but not limited to, delivery of financial and other information, notice to the administrative agent and lenders upon the occurrence of certain material events, preservation of existence, payment of material taxes and other claims, maintenance of properties and insurance, maintenance of books and records, access to properties and records for inspection by the administrative agent and the lenders, compliance with applicable laws and regulations, including environmental laws, delivery of reports and updates with respect to our environmental and social action plan, further assurances and provision of additional collateral and guarantees, and requirements with respect to transactions with affiliates.

Events of Default

Our New Revolving Credit Facility will provide that, upon the occurrence of certain events of default, our obligations thereunder may be accelerated (or automatically accelerated in the case of a bankruptcy event of default) and the lending commitments terminated. Such events of default include non-payment of principal, interest or fees to the lenders, material inaccuracies of representations and warranties, covenant defaults, cross-defaults to other material indebtedness (including the Notes), voluntary and involuntary bankruptcy proceedings, material money judgments, material ERISA/pension plan events and other customary events of default.

Certain of the above described terms for our new senior secured credit facilities are subject to continuing negotiation between us and our prospective lenders and could change in the definitive documentation for our New Revolving Credit Facility.

As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions, we would have had unused commitments under the New Revolving Credit Facility available to us of US$80.0 million (without giving

effect to up to approximately US$13.5 million for either the issuance of or to cash collateralize letters of credit expected to be outstanding on the Closing Date).

DESCRIPTION OF THE NOTES

The $600.0 million aggregate principal amount of 6.000% Senior Notes due 2028 (the "Notes") offered hereby will be issued under an indenture (the "Indenture") among, *inter alios,* SierraCol Energy Andina, LLC, a Delaware limited liability company (the "Issuer"), the Guarantors (as defined herein), Deutsche Bank Trust Company Americas, as trustee (the "Trustee"), and as Registrar and Transfer Agent in a private transaction that is not subject to the registration requirements of the U.S. Securities Act. The terms of the Notes include those set forth in the Indenture. Unless the context otherwise requires, in this "*Description of the Notes*," references to the "Notes" include the Notes and any Additional Notes that may be issued from time to time under the Indenture. The Indenture will not incorporate or include or be subject to any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See "*Risk Factors—Risks Relating to the Notes and Our Indebtedness—The Indenture will not be qualified under the Trust Indenture Act and will not be required to comply with the provisions of the Trust Indenture Act*."

The following description is a summary of the material provisions of the Indenture and the Notes. This description does not restate those agreements in their entirety. We urge you to read the Indenture and the Notes because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture (including the form of Note) are available as set forth below under "*—Additional Information*."

The proceeds of the offering of the Notes sold on the Issue Date will be used by the Issuer as set forth under "*Use of Proceeds*."

You can find the definitions of certain terms used in this "*Description of the Notes*" under the subheading "*—Certain Definitions*." Certain defined terms used in this "*Description of the Notes*" but not defined below under "*—Certain Definitions*" or elsewhere in this description have the meanings assigned to them in the Indenture. For purposes of this "*Description of the Notes*," the term (i) "Issuer" refers only to SierraCol Energy Andina, LLC and its successors and not to any of its Subsidiaries, if any, and (ii) "Company" refers only to SierraCol Energy Limited and its successors and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture, including, without limitation, with respect to enforcement and the pursuit of other remedies. The Notes have not been, and will not be, registered under the U.S. Securities Act and are subject to certain transfer restrictions.

Brief Description of the Notes and the Note Guarantees

The Notes

The Notes will:

- be general obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future obligations of the Issuer that are not expressly contractually subordinated in right of payment to the Notes;
- be senior in right of payment to all future obligations of the Issuer that are expressly contractually subordinated in right of payment to the Notes;
- be effectively subordinated to all existing and future secured obligations of the Issuer to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Notes on an equal and ratable or senior basis;
- be structurally subordinated to all existing and future obligations of the Subsidiaries of the Company that do not guarantee the Notes (other than the Issuer), including obligations to trade creditors; and
- be guaranteed on a senior basis by the Guarantors, subject to limitations under applicable law as set forth below under the caption "*—Note Guarantees*."

The Note Guarantees

From and after the Issue Date, the Notes will be guaranteed on a senior basis by the Company and each of the Company's existing and future Restricted Subsidiaries (other than the Issuer or an Excluded Subsidiary) that is an obligor or a guarantor of the Revolving Credit Facility or Public Indebtedness (the "Guarantors"), in accordance

with the covenant described below under "*—Certain Covenants— Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*."

Each Note Guarantee will:

- be a senior obligation of that Guarantor;
- rank *pari passu* in right of payment with all existing and future senior obligations of that Guarantor that are not subordinated in right of payment to the Note Guarantee;
- be senior in right of payment to all future obligations of that Guarantor that are expressly contractually subordinated in right of payment to that Guarantor's Note Guarantee; and
- be effectively subordinated to all existing and future secured obligations of that Guarantor (including its obligations under the Revolving Credit Facility), to the extent of the value of the property and assets securing such obligations, unless such assets also secure the Note Guarantee on an equal and ratable or senior basis.

As of the Issue Date, only SierraCol Condor and Holdings will guarantee the Notes. After the Issue Date, we intend to cause each of Occidental of Colombia PUT-36, LLC (our acquisition of which is pending ANH approval), SierraCol Energy Block LLA 39 Ltd., SierraCol Energy Block LLA 52 Ltd., SierraCol Energy Holder Ltd., Colombia Energy Development Co., Lagosur Petroleum Colombia Inc. and Swissco to guarantee the Notes when they guarantee our Revolving Credit Facility, which we currently expect to occur within 120 days of the Closing Date. The Company will not have any obligation to cause any of its Subsidiaries to guarantee the Notes in the future (except as required under the circumstances described below under the caption "*—Certain Covenants— Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*"). In the event of a bankruptcy, liquidation or reorganization of any Subsidiary of the Company that is not a Guarantor or the Issuer (the "Non-Guarantor Restricted Subsidiaries"), such Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Issuer or a Guarantor. Although the Indenture will contain limitations on the amount of additional Indebtedness that the Issuer, the Company and the Company's Restricted Subsidiaries may incur, such limitations are subject to a number of significant exceptions.

As of the Issue Date all of the Company's Subsidiaries will be "Restricted Subsidiaries." Under the circumstances described below under the caption "*—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*," the Company will be permitted to designate Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries. The Company's Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture and will not Guarantee the Notes.

For the year ended December 31, 2020, on an as-adjusted basis after giving effect to the Transactions and assuming that the Subsidiaries mentioned above have become Guarantors, our Non-Guarantor Restricted Subsidiaries represented approximately 44% of our total revenues and approximately 50% of our Pro Forma Adjusted EBITDAX, primarily all of which was generated at SierraCol Arauca. As of March 31, 2021, on an as-adjusted basis after giving effect to the Transactions and assuming that the Subsidiaries mentioned above have become Guarantors, our Non-Guarantor Restricted Subsidiaries represented approximately 17% of our total assets (excluding intercompany investments in subsidiaries) and approximately 16% of our total liabilities (including trade payables but excluding intercompany payables and receivables), primarily all of which was generated at SierraCol Arauca. See "*Description of Our New Revolving Credit Facility*" and "*Risk Factors—Risks Relating to the Notes and Our Indebtedness—The Notes will be structurally subordinated to all obligation of our existing and future subsidiaries that are not required to be and do not become Guarantors*." and "*Risk Factors—Risks Relating to the Notes and Our Indebtedness—The Notes will be effectively subordinated to our and our Guarantors' indebtedness under our New Revolving Credit Facility and any of our and our Guarantors' other secured indebtedness to the extent of the value of the assets securing that indebtedness*."

Principal, Maturity and Interest

The Notes initially will be issued in the aggregate principal of $600.0 million on the Issue Date. Interest on the Notes will accrue at the rate of 6.000% per annum and, in each case, will be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 2021. Interest on overdue principal and interest, if any, will accrue at a rate that is 1.0% higher than the then applicable interest rate on the Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding June 1 and December 1. Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most

recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date. If the due date of any payment in respect of the Notes is not a Business Day at the place at which such payment is due to be paid, the Holders will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

The Notes will be issued in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof. The Notes will mature on June 15, 2028.

Additional Notes

The Issuer may issue additional Notes (collectively, the "Additional Notes") under the Indenture from time to time after this offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*." The Notes and any Additional Notes will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. Any Additional Notes shall have terms substantially identical to the Notes except in respect of any of the following terms:

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes;

(3) the date or dates on which such Additional Notes will be issued;

(4) the rate or rates (which may be fixed or floating) at which such Additional Notes shall bear interest and, if applicable, the interest rate basis, formula or other method of determining such interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) if other than denominations of $200,000 and in integral multiples of $1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(8) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

The initial Notes and any Additional Notes denominated in U.S. dollars shall be deemed to form one series and references to the "Notes" shall be deemed to include the Notes initially issued on the Issue Date as well as any Additional Notes denominated in U.S. dollars; *provided* that any Additional Notes that are not fungible with the initial Notes for U.S. federal income tax purposes will not have the same CUSIP, ISIN or other identifying number as the initial Notes.

Transfer and Exchange

Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "144A Global Note"). Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global notes in registered form without interest coupons attached (the "Reg S Global Note" and, together with the 144A Global Note, the "Global Notes").

Ownership of interests in the Global Notes ("Book-Entry Interests") will be limited to persons that have accounts with DTC or persons that may hold interests through such participants, including through Euroclear and Clearstream. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under "*Notice to*

Investors.” In addition, transfers of Book-Entry Interests between participants in DTC, participants in Euroclear or participants in Clearstream will be effected by DTC, Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants. Book-Entry Interests in a 144A Global Note, or the “144A Book-Entry Interests,” may be transferred to a person who takes delivery in the form of Book-Entry Interests in a Reg S Global Note, or the “Reg S Book-Entry Interests,” only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act. Reg S Book-Entry Interests may be transferred to a person who takes delivery in the form of 144A Book-Entry Interests only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act.

Any Book-Entry Interest that is transferred will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If definitive Notes in registered form (“Definitive Registered Notes”) are issued, they will be issued only in minimum denominations of $200,000 and integral multiples of $1,000 in excess thereof upon receipt by the Registrar of instructions relating thereto and any certificates, opinions and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC from the participant that owns the relevant Book-Entry Interest. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under “*Notice to Investors*.”

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of $200,000 in principal amount and integral multiples of $1,000 in excess thereof. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder, among other things, to furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder of the Notes, other than any transfer taxes or similar governmental charges payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 calendar days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 calendar days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 calendar days prior to the record date with respect to any interest payment date with respect to the Notes;

(4) which the holder of the Notes has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer; or

(5) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

The Issuer, the Trustee, the Paying Agent, the Registrar and the Transfer Agent will be entitled to treat the Holder as the owner of the applicable Note for all purposes.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a “Paying Agent”) for the Notes. The initial Paying Agent will be Deutsche Bank Trust Company Americas, in New York.

The Issuer will also maintain both a registrar (the "Registrar") and a transfer agent (the "Transfer Agent"). The initial Registrar and the initial Transfer Agent will be Deutsche Bank Trust Company Americas. The Registrar will maintain a register reflecting record ownership of the Global Notes and any Definitive Registered Notes outstanding from time to time, and the Transfer Agent will facilitate transfers of any Definitive Registered Notes on behalf of the Issuer.

The Issuer may change any Paying Agent, the Registrar or the Transfer Agent without prior notice to the holders of the Notes. For so long as the Notes are listed on the Official List of The International Stock Exchange (the "Exchange") and if and to the extent of the rules of The International Stock Exchange Authority Limited (the "Authority") so require, the Issuer will notify the Authority of any change of Paying Agent or Registrar in respect of the Notes. The Company, the Issuer or any Restricted Subsidiary may act as Paying Agent or Registrar in respect of the Notes.

Note Guarantees

The Notes offered hereby will be guaranteed by the Guarantors. The Guarantors comprise all of the Company's Subsidiaries (other than the Issuer) that will be borrowers or guarantors under the Revolving Credit Facility. The Note Guarantees will be joint and several obligations of the Guarantors. See "*—Brief Description of the Notes and the Note Guarantees*."

The obligations of the Guarantors will be contractually limited under the applicable Note Guarantees to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, financial assistance, fraudulent conveyance and other legal restrictions (including defenses generally available to guarantors in such jurisdiction) applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such limitations, see "*Risk Factors—Risks Relating to the Notes and Our Indebtedness—Enforcing your rights as a holder of the Notes under the guarantees across multiple jurisdictions may be difficult*."

Note Guarantees Release

The Note Guarantee of a Guarantor will be automatically and unconditionally released and discharged without any further action by the Issuer, the relevant Guarantor or the Trustee, and such Guarantor's obligations under the Note Guarantee and the Indenture will terminate and be of no further force and effect:

(1) other than the Note Guarantee of the Company, in connection with any sale or other disposition of all or substantially all of the properties or assets of that Guarantor (including by way of merger, amalgamation or consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the provisions set forth below under "*—Repurchase at the Option of Holders—Asset Sales*";

(2) other than the Note Guarantee of the Company, in connection with any sale or other disposition of the Capital Stock of that Guarantor (or Capital Stock of any Parent Holdco of such Guarantor (other than the Company)) (whether by direct sale or through a holding company) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate the provisions set forth below under "*—Repurchase at the Option of Holders—Asset Sales*" and as a result of such disposition such Guarantor no longer qualifies as a Subsidiary of the Company;

(3) if the Company designates such Guarantor (or any parent entity thereof) as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon repayment in full of the Notes or upon Legal Defeasance or Covenant Defeasance as described below under the caption "*—Legal Defeasance and Covenant Defeasance*" or upon satisfaction and discharge of the Indenture as described under the caption "*—Satisfaction and Discharge*";

(5) other than the Note Guarantee of the Company, upon the liquidation or dissolution of such Guarantor; *provided* that no Default or Event of Default has occurred and is continuing;

(6) as described under "*—Amendment, Supplement and Waiver*";

(7) as a result of a transaction permitted by "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(8) as described in the fourth paragraph of the covenant described below under "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*";

(9) upon the release or discharge of the guarantee by, or direct obligation of, such Guarantor of the Obligations under the Revolving Credit Facility; provided that such Guarantor would not otherwise be required to Guarantee the Notes pursuant to the covenant described under "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*"; or

(10) in the case of any Restricted Subsidiary that after the Issue Date is required to Guarantee the Notes pursuant to the covenant described under "*—Certain Covenants—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*," (x) upon the release or discharge of the guarantee by such Restricted Subsidiary (or the co-issuer or co-borrower obligation of such Restricted Subsidiary) of Indebtedness of the Issuer or any Restricted Subsidiary or (y) upon the repayment of the Indebtedness or Disqualified Stock, in each case, that resulted in the obligation to Guarantee the Notes.

Upon any occurrence giving rise to a release as specified above, the Trustee will execute any documents reasonably requested by the Issuer in order to evidence the release, discharge and termination in respect of such Note Guarantee. Neither the Issuer nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Additional Amounts

All payments made by or on behalf of the Issuer under or with respect to the Notes will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction for, or on account of, such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Issuer is then incorporated, organized, engaged in business for tax purposes, or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Issuer under or with respect to the Notes (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a "Tax Jurisdiction") will at any time be required to be made from any payments made by or on behalf of the Issuer under or with respect to the Notes, including payments of principal, redemption price, purchase price, interest or premium, the Issuer will pay such additional amounts (the "Additional Amounts") as may be necessary in order that the net amounts received in respect of such payments by each holder of Notes after such withholding or deduction (including any such withholding or deduction from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however,* that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder (or between a fiduciary, settler, beneficiary, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, nominee, trust, partnership, limited liability company or corporation) or the beneficial owner of the Notes and the relevant Tax Jurisdiction (including being a resident of such jurisdiction for Tax purposes), other than the mere holding of such Note, the enforcement of rights under such Note or the receipt of any payments in respect of such Note;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30-day period);

(3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(4) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes;

(5) any Taxes, to the extent such Taxes are withheld or deducted by reason of the failure of the holder or beneficial owner of Notes to comply with any reasonable written request of the Issuer, addressed to the holder and made at least 60 days before any such withholding or deduction is to be made, to satisfy any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but in each case, only to the extent the holder or beneficial owner is legally entitled to satisfy such requirement;

(6) any Taxes imposed pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "Code"), any current or future regulations or official interpretations thereof, any law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United States with respect to the foregoing or any agreements entered into pursuant to section 1471(b)(1) of the Code;

(7) any Tax that is imposed on or with respect to any payment made to any person who is a fiduciary or partnership or an entity that is not the sole beneficial owner of such payment, to the extent a beneficiary or settlor (for tax purposes) with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment would not have been entitled to the Additional Amounts, had such beneficiary, settlor, member or beneficial owner been the actual holder of the applicable Note;

(8) any Taxes that are imposed or withheld solely by reason of the holder or beneficial owner, or a fiduciary, settlor, beneficiary, member or shareholder of the holder if the holder is an estate, trust, partnership or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder,

(i) being considered as:

(a) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;

(c) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid U.S. federal income tax;

(d) being or having been a "10-percent shareholder" of the obligor under the notes within the meaning of section 871(h)(3) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision; or

(e) being or having been a bank receiving interest described in section 881(c)(3)(A) of the Code or any successor provision; or

(ii) failing to submit an applicable U.S. Internal Revenue Service ("IRS") Form W-8 (with any required attachments) attesting to the statements in clause (i); or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Issuer will also pay, and indemnify, the holders of Notes for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto), which are levied by any Tax Jurisdiction on the execution, delivery, issuance, registration or enforcement of any of the Notes or the Indenture or any other document referred to therein (except for any such taxes, charges or levies imposed or levied as a result of a transfer after the Issue Date), or on the receipt of any payments with respect thereto (limited solely in the case of taxes, charges or levies attributable to the receipt of any payments with respect thereto, to any taxes, charges or levies that are not excluded under clauses (1) through (3) or (5) through (8) above or any combination thereof).

If the Issuer becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes, the Issuer will deliver to the Trustee and the Paying Agent on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Issuer shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable any Paying Agent to pay Additional Amounts to holders on the relevant payment date. The Trustee and the Paying Agent shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Issuer will make all withholdings and deductions for, or on account of, Taxes required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Issuer will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Issuer will furnish to the Trustee (or to a holder) upon written request, within a

reasonable time after the date the payment of any Taxes so deducted or withheld is made to the relevant Tax authority, certified copies of Tax receipts evidencing such payment by the Issuer or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of such payments by such entity.

Whenever in the Indenture or in this "*Description of the Notes*" there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or any other amount payable under, or with respect to, any of the Notes, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture or any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Issuer is incorporated, organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which such Person makes any payment on the Notes or any political subdivision thereof or therein.

Optional Redemption

Except as otherwise described below, the Notes will not be redeemable at the Issuer's option prior to maturity. The Company and any Restricted Subsidiary may, however, acquire, or cause to be acquired, the Notes by means other than a redemption, whether pursuant to a tender offer, open market purchase or otherwise, so long as the acquisition does not violate the terms of the Indenture.

Prior to June 15, 2024, the Issuer may, at its option, on any one or more occasions, redeem up to 40% of the aggregate principal amount of the Notes (including any Additional Notes issued after the Issue Date) at a redemption price equal to 106.000% of the principal amount, plus accrued and unpaid interest thereon to, but excluding, the redemption date, subject to the right of the holders on the relevant record date to receive interest due on the relevant interest payment date, with all or a portion of the net proceeds of one or more Equity Offerings (or, in the case of a SPAC IPO, the amount of cash held by the Company or any of its Restricted Subsidiaries following the consummation of the SPAC IPO); *provided* that at least 50% of the aggregate principal amount of the Notes then outstanding under the Indenture remains outstanding immediately after the occurrence of such redemption (except to the extent otherwise repurchased or redeemed (or to be repurchased or redeemed) in accordance with the terms of the Indenture); *provided*, *further*, that for purposes of calculating the principal amount of the Notes able to be redeemed with such cash proceeds of such Equity Offering or Equity Offerings, such amount shall include only the principal amount of the Notes to be redeemed *plus* the premium on such Notes to be redeemed; and *provided, further,* that such redemption shall occur within 90 days of the date of the closing of any such Equity Offering.

In addition, at any time prior to June 15, 2024, the Issuer may also redeem, in whole or in part, the Notes at a redemption price equal to 100% of the principal amount of Notes to be redeemed, plus the Applicable Premium in respect of, and accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date, subject to the rights of the holders on the relevant record date to receive interest due on the relevant interest payment date.

In connection with any tender offer or other offer to purchase for all of the Notes (including pursuant to a Change of Control Offer, Alternate Offer or Asset Sale Offer (each as defined below)), if not less than 90% of the aggregate principal amount of the then outstanding Notes are purchased by the Issuer, or any third party making such tender offer in lieu of the Issuer, the Issuer or such third party will have the right following such purchase date, to redeem all Notes that remain outstanding following such purchase at a price equal to the price paid (excluding any early tender premium or similar payment) to each other holder in such tender offer, plus, to the extent not included in the tender offer payment, accrued and unpaid interest, if any, thereon, to, but excluding, the date of such redemption.

Except pursuant to the preceding four paragraphs and except pursuant to "*—Redemption for Changes in Taxes*," the Notes will not be redeemable at the Issuer's option prior to June 15, 2024.

On or after June 15, 2024, the Issuer may on any one or more occasions redeem all or a part of the Notes at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, and additional amounts, if any, on the Notes redeemed, to, but excluding, the applicable date of redemption, if

redeemed during the twelve-month period beginning on June 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption price
2024	103.000%
2025	101.500%
2026 and thereafter	100.000%

General

All redemptions of the Notes will be made upon not less than 10 days' nor more than 60 days' prior notice, except that a redemption notice may be made more than 60 days prior to a redemption date (a) if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture or (b) in the case of a redemption that is subject to one or more conditions precedent, the date of redemption is extended as permitted in the Indenture. Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Notice of any redemption including, without limitation, upon an Equity Offering may, at the Issuer's discretion, be subject to one or more conditions precedent. The redemption date of any redemption that is subject to the satisfaction of one or more conditions precedent may, in the Issuer's discretion, be delayed until such time as any or all such conditions shall be satisfied (or waived by the Issuer in its sole discretion), or such redemption may not occur and any notice with respect to such redemption may be modified, extended or rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Issuer in its sole discretion) by the redemption date, or by the redemption date so delayed (which may exceed 60 days from the date of the redemption notice in such case).

If the Issuer effects an optional redemption of Notes, it will, for so long as Notes are listed on the Exchange and the rules of the Exchange so require, inform the Exchange of such optional redemption and confirm the aggregate principal amount of the Notes that will remain outstanding immediately after such redemption.

If the optional redemption date is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest will be paid to the Person in whose name the Note is registered at the close of business on such record date, and no additional interest will be payable to Holders whose Notes will be subject to redemption by the Issuer.

The Issuer or its affiliates may at any time and from time to time purchase Notes. Any such purchases may be made through open market or privately negotiated transactions with third parties or pursuant to one or more tender or exchange offers or otherwise, upon such terms and at such prices as well as with such consideration as the Issuer or any such affiliates may determine.

Redemption for Changes in Taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 10, nor more than 60 days', prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—*Selection and Notice*"), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a "Tax Redemption Date") and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on an interest payment date that is prior to the Tax Redemption Date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts, and the Issuer cannot avoid any such payment obligation by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new Paying Agent where such appointment would be reasonable but excluding changing the jurisdiction or tax residence of the Issuer), and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or treaties (or any regulations, rulings or protocols promulgated thereunder) of a relevant Tax Jurisdiction which change or amendment becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date); or

(2) any amendment to, or change in, an official position, or the introduction of an official position, regarding the interpretation, administration or application of such laws, regulations, treaties or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) which amendment, change or introduction becomes effective on or after the Issue Date (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the Issue Date, such later date) (each of clause (1) and (2), a "Change in Tax Law").

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes was then due, and the obligation to pay Additional Amounts must be in effect at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee an opinion of independent tax counsel of recognized standing reasonably acceptable to the Trustee, to the effect that there has been such Change in Tax Law. In addition, before the Issuer publishes or delivers a notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that the obligation to pay Additional Amounts cannot be avoided by the Issuer taking reasonable measures available to it.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event the Trustee's acceptance and reliance will be conclusive and binding on the holders of the Notes. Redemptions described herein and under the caption "—*Optional Redemption*" may be subject to applicable depositary notice requirements.

Mandatory Redemption

The Issuer will not be required to make mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Issuer may be required to offer to purchase the Notes as described under the captions "*—Repurchase at the Option of Holders—Change of Control Triggering Event" and "—Asset Sales*."

Repurchase at the Option of Holders

Change of Control Triggering Event

If a Change of Control Triggering Event occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (in integral multiples of $1,000; *provided* that Notes of $200,000 or less may only be repurchased in whole and not in part) of that holder's Notes pursuant to an offer (the "Change of Control Offer") on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash (the "Change of Control Payment") equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest on the Notes repurchased to, but not including, the date of purchase (the "Change of Control Payment Date"), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. If not previously made in advance of such Change of Control Triggering Event, within 30 days following any Change of Control Triggering Event, the Issuer will mail a notice to each holder (with a copy to the Trustee) or otherwise deliver a notice (with a copy to the Trustee) in accordance with the procedures described under "—*Selection and Notice*," describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Principal Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Principal Paying Agent the Notes properly accepted.

The Principal Paying Agent will promptly mail or cause to be delivered to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each such new Note will be in a principal amount of $200,000

or an integral multiple of $1,000 in excess thereof. Any Note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date unless the Issuer defaults in making the Change of Control Payment. The Issuer will announce (which announcement may be made by posting to the website of the Company or any Subsidiary of the Company or any direct or indirect parent of the Company or on a non-public, password-protected website maintained by the Company, any Subsidiary of the Company or any direct or indirect parent of the Company or a third party, in accordance with *"—Certain Covenants—Reports*") the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

Except as described above with respect to a Change of Control Triggering Event, the Indenture will not contain provisions that permit the holders of the Notes to require that the Issuer repurchases or redeems the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the time and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, (2) in connection with or in contemplation of any Change of Control, the Issuer (or any Affiliate of the Issuer) or a third party has made an offer to purchase, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer (an "Alternate Offer"), any and all Notes validly tendered and not validly withdrawn at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered and not validly withdrawn in accordance with the terms of the Alternate Offer, or (3) notice of redemption of all outstanding Notes has been given pursuant to the Indenture as described above under the caption "*—Optional Redemption*," unless and until there is a default in payment of the applicable redemption price.

The occurrence of certain events that would constitute a Change of Control could constitute a mandatory prepayment under the Revolving Credit Facility. Future debt of the Issuer, the Company or its Subsidiaries may also contain descriptions of certain change of control events that, if they occurred, would constitute a default under such debt or require such debt to be repurchased. In addition, the exercise by the holders of the Notes of their right to require the Issuer to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. If a Change of Control Offer is made, there can be no assurance that the Issuer will have sufficient funds or other resources to pay the Change of Control Payment for all the Notes that might be delivered by holders thereof seeking to accept the Change of Control Offer and to repurchase any other debt that may be required to be repaid following a change of control. See "*Risk Factors—Risks Relating to the Notes and Our Indebtedness—We may not be able to repurchase the Notes upon a change of control or pursuant to an asset sales offer*."

A Change of Control Offer may be made in advance of a Change of Control Triggering Event, and conditioned upon the occurrence of such Change of Control Triggering Event.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the properties or assets of the Company and its Restricted Subsidiaries may be uncertain.

The provisions under the Indenture relating to the Issuer's obligation to make an offer to repurchase the Notes as a result of a Change of Control Triggering Event, including the definitions of "Change of Control" and "Change of Control Triggering Event," may be waived or modified (including after a Change of Control Triggering Event) with the consent of the holders of a majority in aggregate principal amount of the Notes.

If and for so long as the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, the Company will notify the Authority of such Change of Control Offer and any relevant details relating to such Change of Control Offer.

Asset Sales

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or any of its Restricted Subsidiaries, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) except in the case of any Asset Sale that involves assets having a Fair Market Value less than the greater of (x) $50.0 million and (y) 4.5% of Consolidated Total Assets, at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the most recent consolidated balance sheet, of the Company or any Restricted Subsidiary of the Company (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to an agreement that releases the Company or such Restricted Subsidiary from further liability or indemnifies the Company or such Restricted Subsidiary against further liabilities;

(b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) with respect to any Asset Sale of oil and gas properties by the Company or any Restricted Subsidiary of the Company, the costs and expenses related to the exploration, development, completion or production of such oil and gas properties and activities related thereto agreed to be assumed by the transferee (or an Affiliate thereof);

(d) any Capital Stock or other assets of the kind referred to in clauses (3) or (4) of the next paragraph of this covenant;

(e) Indebtedness (other than Subordinated Obligations) of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary of the Company are released from any Guarantee of such Indebtedness in connection with such Asset Sale;

(f) consideration consisting of Indebtedness of the Issuer or any Restricted Subsidiary received from Persons who are not the Issuer or any Restricted Subsidiary;

(g) accounts receivable of a business retained by the Company or any Restricted Subsidiary of the Company, as the case may be, following the sale of such business; and

(h) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary of the Company in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (h) that is at that time outstanding, not to exceed the greater of (x) $200.0 million and (y) 18.0% of Consolidated Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days of the later of (i) the date of the consummation of such Asset Sale and (ii) the receipt of such Net Proceeds, the Company or one of its Restricted Subsidiaries may apply an amount equal to the Applicable Percentage of such Net Proceeds (the "*Applicable Proceeds*") from such Asset Sale (at the option of the Company or such Restricted Subsidiary):

(1) to reduce Obligations under the Credit Facilities;

(2) to reduce Obligations under Indebtedness (other than Subordinated Indebtedness) that is secured by a Lien, which Lien is permitted by the Indenture and, in the case of revolving loans, to correspondingly reduce commitments with respect thereto;

(3) to reduce Obligations under (x) *pari passu* Indebtedness of the Issuer or the Guarantors (*provided* that if the Issuer or any Guarantor shall so reduce such Obligations under *pari passu* Indebtedness other than the Notes, the Issuer will (A) equally and ratably reduce Obligations under the Notes as provided under *"—Optional Redemption*" or through open-market purchases or (B) make an offer (in accordance with the procedures for an Asset Sale Offer) to all holders to purchase at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, the principal amount of Notes that would otherwise be redeemed under subclause (A) above), or (y) Indebtedness of a Non-Guarantor Restricted Subsidiary, in each case, other than Indebtedness owed to the Company or another Restricted Subsidiary (and, in the case of revolving loans, to correspondingly reduce commitments with respect thereto);

(4) to invest in Additional Assets;

(5) to make a capital expenditure; or

(6) any combination of the foregoing;

provided that the Company and its Restricted Subsidiaries will be deemed to have complied with the provisions described in clause (4) or (5) of this paragraph if and to the extent that, within 365 days after the Asset Sale that generated the Net Cash Proceeds, the Company or such Restricted Subsidiary, as applicable, has entered into and not abandoned or rejected a binding agreement to make an investment in compliance with the provision described in clauses (4) or (5) of this paragraph, and that investment is thereafter completed within 180 days after the end of such 365-day period. Such 365-day period (as may be extended pursuant to this paragraph) shall constitute the "Proceeds Application Period".

"*Applicable Percentage*" means 100%; *provided* that so long as no Event of Default shall have occurred and be continuing or would result therefrom, the Applicable Percentage shall be (1) 50% if, on a Pro Forma Basis after giving effect to such Asset Sale and the use of proceeds therefrom, the Consolidated Senior Secured Net Leverage Ratio would be less than or equal to 2.00 to 1.00 but greater than 1.50 to 1.00 or (2) 0% if, on a Pro Forma Basis after giving effect to such Asset Sale and the use of proceeds therefrom, the Consolidated Senior Secured Net Leverage Ratio would be less than or equal to 1.50 to 1.00.

Pending the final application of any Net Proceeds, the Company or any Restricted Subsidiary of the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture. Any Applicable Proceeds from Asset Sales that are not applied or invested pursuant to the second paragraph of this covenant will constitute "Excess Proceeds."

When the aggregate amount of Excess Proceeds exceeds the greater of (x) $50.0 million and (y) 4.5% of Consolidated Total Assets, within 10 Business Days thereof, the Issuer will make an offer (an "Asset Sale Offer") to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantees to purchase, prepay or redeem with the proceeds of sales of assets the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to at least 100% of the principal amount (or in the event such other Indebtedness was issued with original issue discount, 100% of the accreted value thereof), plus accrued and unpaid interest, if any, to, but not including, the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company or any of its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee, a Paying Agent or the Registrar will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under "*Book-entry, Delivery and Form*," based on a method that most nearly approximates a *pro rata* selection unless otherwise required by applicable law or applicable stock exchange or depositary requirements, based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply, to the extent applicable, with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable

in connection with each repurchase of Notes pursuant to a Change of Control Offer, an Asset Sale Offer or an Alternate Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Offer, Asset Sale Offer or Alternate Offer provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Offer, Asset Sale Offer or Alternate Offer provisions of the Indenture by virtue of such compliance.

The provisions under the Indenture relative to the Issuer's obligation to make an offer to repurchase the Notes as a result of an Asset Sale may be waived or modified as described in "*—Amendments and Waivers*."

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee, a Paying Agent or the Registrar will select Notes for redemption on a *pro rata* basis (or, in the case of Notes issued in global form as discussed under *"Book-Entry, Delivery and Form,"* in accordance with the applicable procedures of the depositary) unless otherwise required by law or applicable stock exchange or depositary requirements.

No Notes of $200,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 10 days but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if (a) the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture or (b) in the case of a redemption that is subject to one or more conditions precedent, the date of redemption is extended as permitted in the Indenture.

If the Company elects to redeem the Notes or portions thereof and requests the Trustee to distribute to the holders any amounts deposited in trust (which, for the avoidance of doubt, will include accrued and unpaid interest to the date fixed for redemption) prior to the date fixed for redemption in accordance with the provisions described below under the caption "*—Satisfaction and Discharge*," the applicable redemption notice will state that holders will receive such amounts deposited in trust prior to the date fixed for redemption and mention the payment date.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note.

None of the Trustee, the Paying Agent, the Transfer Agent or the Registrar shall be liable for any such selections made by them in accordance with the provisions described in the preceding paragraphs.

For Notes which are represented by global certificates held on behalf of DTC, notices may be given by delivery of the relevant notices to DTC for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Exchange and the rules of the Authority so require, any such notice to the holders of the relevant Notes shall to the extent and in the manner permitted by such rules, posted on the official website of the Exchange and, in connection with any redemption, the Issuer will notify the Authority of any change in the principal amount of Notes outstanding.

Certain Covenants

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any such payment or distribution made in connection with any merger, amalgamation or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or in Subordinated Shareholder Debt and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);

(2) repurchase, redeem or otherwise acquire or retire for value (including, without limitation, any such purchase, redemption, acquisition or retirement made in connection with any merger, amalgamation or consolidation involving the Issuer) any Equity Interests of the Company or any Parent Holdco;

(3) make any principal payment on or with respect to, or repurchase, redeem, defease or otherwise acquire or retire for value, prior to the Stated Maturity thereof, any Indebtedness of the Issuer or any Guarantor that is expressly contractually subordinated in right of payment to the Notes or to any Note Guarantee (excluding any intercompany Indebtedness between or among the Company and/or any of its Restricted Subsidiaries), except (i) a payment of principal at the Stated Maturity thereof or (ii) the repurchase, redemption or other acquisition of Indebtedness in anticipation of satisfying a sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such repurchase, redemption or other acquisition;

(4) make any payment on or with respect to, or repurchase, redeem, defease or otherwise acquire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (5) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) in the case of any Restricted Payment set forth in clauses (1) through (4) above, the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter reference period, have been permitted to incur at least $1.00 of Ratio Debt; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (including Restricted Payments permitted below by clause (1) of the next succeeding paragraph, but excluding all other Restricted Payments permitted by the next succeeding paragraph), is equal to or less than the sum, without duplication, of:

    (a) an amount (which may not be less than zero) equal to 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

    (b) 100% of the aggregate net cash proceeds received, the Fair Market Value of marketable securities received and the Fair Market Value of other property or assets received by the Company (or, in the case of Subordinated Shareholder Debt, the Company) since the Issue Date as a contribution to its common capital or from the issue or sale of Equity Interests (other than Disqualified Stock, Excluded Contributions or Excluded Amounts) or Subordinated Shareholder Debt or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) or Subordinated Shareholder Debt, in each case, sold to a Subsidiary of the Company) (except, in each case, to the extent such proceeds or property or assets or marketable securities are used to make a Restricted Payment in reliance on clause (2) or (5) of the next paragraph of this covenant); *plus*

    (c)

        (i) to the extent that any Restricted Investment that was made after the Issue Date is (x) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the marketable securities and other property received by the Company or any Restricted Subsidiary, or (y) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

        (ii) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged, amalgamated or consolidated with or into the Company or a Restricted Subsidiary, or all or substantially all of the properties or

assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's or a Restricted Subsidiary's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, amalgamation, consolidation or transfer of properties or assets, to the extent such Investments reduced the Restricted Payments capacity under this clause (c) and were not previously repaid or otherwise reduced; *plus*

(d) 100% of any dividends or distributions received in cash by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period; *plus*

(e) $75.0 million.

Notwithstanding the foregoing, any amounts (such amounts, the "Excluded Amounts") that would otherwise be included in the calculation of the amount available for Restricted Payments pursuant to subclauses (b) and (c) of the preceding clause (3) will be excluded to the extent (i) such amounts result from the receipt of Net Proceeds, property or assets or marketable securities received in contemplation of, or in connection with, an event that would otherwise constitute a Change of Control Triggering Event pursuant to the definition thereof, (ii) the purpose and effect of the receipt of such Net Proceeds, property or assets or marketable securities was to reduce the Consolidated Net Leverage Ratio of the Company so that there would not be an occurrence of a Change of Control Triggering Event that would otherwise have been achieved without the receipt of such Net Proceeds, property or assets or marketable securities and (iii) no Change of Control Offer is made in connection with such event in accordance with the requirements of the Indenture.

The preceding provisions will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital (other than an Excluded Contribution or Excluded Amounts) to the Company; *provided* that the amount of any such net cash proceeds, or Fair Market Value of property or assets or of marketable securities, from such sale of Equity Interests or such contribution that are utilized for any such Restricted Payment will be excluded from clause (3)(b) of the preceding paragraph;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness for the purpose of such repurchase, redemption, defeasance or other acquisition or retirement for value;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Company to the holders of its Equity Interests (other than the Company or any Restricted Subsidiary) on a *pro rata* basis or a basis more favorable to the Company;

(5) the purchase, defeasance, repurchase, redemption or other acquisition, cancellation or retirement for value of any Equity Interests of the Company, any Restricted Subsidiary of the Company or any Parent Holdco (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent Holdco to permit any Parent Holdco to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Equity Interests of the Company, any Restricted Subsidiary or any Parent Holdco (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Equity Interests of the Company, any Restricted Subsidiary or any Parent Holdco (including any options, warrants or other rights in respect thereof), in each case, held by any of the Company's (or any of its Restricted Subsidiaries') or any Parent Holdco's current or former officers, directors, employees or consultants pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or

retired Equity Interests may not exceed (A) the greater of (x) $5.0 million and (y) 0.5% of Consolidated Total Assets in any calendar year or (B) subsequent to the consummation of any public common Equity Offering, the greater of (x) $10.0 million and (y) 1.0% of Consolidated Total Assets, in any calendar year (in each case, with unused amounts in any calendar year being permitted to be carried over for succeeding calendar years) and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (A) the cash proceeds from the sale of Equity Interests of the Company, a Restricted Subsidiary or any Parent Holdco received by the Company or a Restricted Subsidiary during such calendar year, in each case to members of management, directors or consultants of the Company, any of its Restricted Subsidiaries or any Parent Holdco, to the extent the net cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (3)(b) of the preceding paragraph or clause (2) of this paragraph and (B) the cash proceeds of key man life insurance policies;

(6) the defeasance, repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company or any Parent Holdco held by any of the Company's (or any of its Restricted Subsidiaries') or any Parent Holdco's current or former directors or employees in connection with the exercise or vesting of any equity compensation (including, without limitation, stock options, restricted stock and phantom stock) in order to satisfy the Company's, such Restricted Subsidiary's or such Parent Holdco's tax withholding obligation with respect to such exercise or vesting;

(7) repurchases of Subordinated Obligations at a purchase price not greater than (i) 101% of the principal amount of such Subordinated Obligations and accrued and unpaid interest thereon in the event of a change of control or (ii) 100% of the principal amount of such Subordinated Obligations and accrued and unpaid interest thereon in the event of an Asset Sale (or other similar event described therein as an "asset sale" or "asset disposition"), in each case *plus* accrued interest, in connection with any change of control offer or asset sale offer required by the terms of such Indebtedness, but only if:

   (a) in the case of a change of control, the Issuer has first complied with and fully satisfied its obligations under the provisions described under "*—Repurchase at the Option of Holders—Change of Control Triggering Event*"; or

   (b) in the case of an Asset Sale, the Issuer has complied with and fully satisfied its obligations in accordance with the covenant under the heading, "*—Repurchase at the Option of Holders—Asset Sales*";

(8) the repurchase, redemption or other acquisition for value of Capital Stock of the Company or any of its Restricted Subsidiaries representing fractional shares of such Capital Stock in connection with a merger, consolidation, amalgamation or other combination involving the Company or any of its Restricted Subsidiaries or any other transaction permitted by the Indenture;

(9) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;

(10) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock or preferred stock of the Company or any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the covenant described below under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(11) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (x) the exercise of options or warrants or (y) the conversion or exchange of Capital Stock of any such Person;

(12) (a) advances or loans to any future, present or former officer, director, employee or consultant of the Company or a Restricted Subsidiary to pay for the purchase or other acquisition for value of Equity Interests of the Company or any Parent Holdco (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement; *provided* that the total aggregate amount of Restricted Payments made under this sub-clause (a) does not exceed the greater of (x) $10.0 million and (y) 1.0% of Consolidated Total Assets in any calendar year or (b) advances, grants or loans in relation to any management equity plan or stock option plan or any

other management or employee benefit or incentive plan or unit trust, whether made directly to any such plan or trust or to the trustees of any such plan or trust, to pay for the purchase or other acquisition for value of Equity Interests of the Company or any Parent Holdco (other than Disqualified Stock); *provided* that the total aggregate amount of Restricted Payments made under this sub-clause (b) does not exceed the greater of (x) $10.0 million and (y) 1.0% of Consolidated Total Assets in any calendar year;

(13) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments in exchange for or using as consideration Investments previously made under this clause (13);

(14) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed the greater of (a) $50.0 million and (b) 4.5% of Consolidated Total Assets;

(15) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments; *provided that*, on the date of any such Restricted Payment, the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 2.25 to 1.0 on a *pro forma* basis after giving effect thereto;

(16) following the Initial Public Offering of the Capital Stock of the Company or any Parent Holdco (or, in each case, SPAC IPO), the declaration or payment of dividends or distributions, or the making of any cash payments, advances, loans or expense reimbursements on the Capital Stock of the Company or any Parent Holdco; *provided* that the aggregate amount of all such dividends or distributions under this clause (16) shall not exceed in any fiscal year the greater of (a) 7% of (i) the net cash proceeds received by the Company from one or more Public Equity Offerings or contributed to the equity of the Company in any form (other than through the issuance of Disqualified Stock or through an Excluded Contribution or Excluded Amounts) or contributed to the Company as Subordinated Shareholder Debt or (ii) in the case of a SPAC IPO, cash held by the Company or any of its Restricted Subsidiaries following the consummation of the SPAC IPO, and (b) the greater of (i) 7% of the Market Capitalization and (ii) 7% of the IPO Market Capitalization;

(16) any dividends, distributions or other payments to any Parent Holdco or Unrestricted Subsidiary to the extent that such dividends, distributions or payments are made in order to carry out group contributions under the tax laws or regulations of an applicable jurisdiction;

(17) Permitted Parent Payments;

(18) any Restricted Payments made in connection with the consummation of the Transactions, including any dividends, payments or loans made to Parent Guarantor or any direct or indirect parent of Parent Guarantor to enable it to make any such payments;

(19) any contingent payments made in connection with the Oil and Gas Business, including the Contingent Acquisition Agreement Payments; and

(20) Restricted Payments made with the Net Proceeds from the sale or other disposition of the Teca Assets, distributions in the form of returns of capital from the Teca Assets or the dividend or distribution of the Capital Stock or assets of the Teca Assets.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment (or, in the case of a dividend, on the date of declaration) of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any cash Restricted Payment shall be its face amount.

For purposes of determining compliance with this covenant, in the event that a Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Permitted Payments described in clauses (1) through (20) above, or is permitted pursuant to the first paragraph of this covenant or one or more of the clauses contained in the definition of "Permitted Investment", the Company, in its sole discretion, may divide and classify such Restricted Payment or Investment (or portion thereof) in any manner that complies with this covenant, including as an Investment pursuant to one or more clauses contained in the definition of "Permitted Investment" and may later divide and reclassify any such Investment or Restricted Payment so long as the Investment or Restricted Payment (as so divided and/or reclassified) would be permitted to be made in reliance on the applicable exception as of the

date of such reclassification. Unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness by virtue of its nature as unsecured Indebtedness.

If the Company or any Restricted Subsidiary makes a Restricted Payment that, at the time of the making of such Restricted Payment, in the good faith determination of the Company, would be permitted under the Indenture, such Restricted Payment shall be deemed to have been made in compliance with the Indenture notwithstanding any subsequent adjustments made in good faith to the financial statements of the Company (or any direct or indirect parent of the Company or any Qualified Reporting Subsidiary) affecting Consolidated Net Income, Consolidated Cash Flow, Consolidated Total Assets, Consolidated Net Leverage or any other financial measure or ratio.

For the avoidance of doubt, any dividend or distribution otherwise permitted pursuant to this "*—Restricted Payments*" may be in the form of a loan; *provided* that such Indebtedness is otherwise permitted to be incurred under the Indenture.

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Non-Guarantor Restricted Subsidiaries to issue any shares of preferred stock; *provided, however,* that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock or preferred stock and any Guarantor may incur Indebtedness (including Acquired Debt), if (1) the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been at least 2.00 to 1.0 or (2) the Consolidated Net Leverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, is less than or equal to 2.75 to 1.0 (such Indebtedness, Disqualified Stock or preferred stock, incurred or issued pursuant to this subclause (2), or pursuant to subclause (1), collectively, "*Ratio Debt*"), in each case determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter reference period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness or issuances of Disqualified Stock or preferred stock (collectively, "Permitted Debt"):

(1) the incurrence by the Company and any Restricted Subsidiary of additional Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed any or all of the following amounts:

(i) the Issue Date Revolving Facility Amount;

(ii) the Incremental Amount; and

(iii) the greater of (x) $200.0 million and (y) 18.0% of Consolidated Total Assets,

plus in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, costs and expenses (including underwriting commissions paid as discounts) incurred in connection with such refinancing;

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Issuer of Indebtedness represented by the Notes to be issued on the date of the Indenture and the incurrence by any Guarantor of a Note Guarantee at any time;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness:

(a) [reserved]; or

(b) represented by Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness, in each case, incurred for the purpose of financing all or any part of the purchase price,

lease expense, charter expense, rental payments or cost of design, development, construction, transportation, installation, migration, drydocking or improvement of property, plant or equipment or other capital assets used in the business of the Company or any of its Restricted Subsidiaries and any other capital expenses or operating expenses in relation thereto (including any reasonably related fees or expenses incurred in connection therewith), in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness incurred pursuant to this clause (4)(b), not to exceed the greater of (x) $150.0 million and (y) 14.0% of Consolidated Total Assets at any time outstanding,

in each case, whether such Indebtedness is incurred for the charter of, leasing of or direct purchase of or the purchase of the Capital Stock of any Person owning such property, plant or equipment or other capital assets (including any Indebtedness deemed to be incurred in connection with such purchase) (it being understood that any such Indebtedness may be incurred after the acquisition or purchase or the design, development, construction, transportation, installation, migration, drydocking, incurrence of expenses or the making of any improvement with respect to any such property, plant or equipment or other capital assets);

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3) or (14) of this paragraph or this clause (5);

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:

(a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor ((i) except in respect of the intercompany current liabilities incurred in the ordinary course of business in connection with the cash management operations of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted), such Indebtedness shall be subordinated in right of payment to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the Note Guarantee, in the case of a Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Issuer or a Restricted Subsidiary of the Company will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any of the Company's Restricted Subsidiaries to the Company or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however,* that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary of the Company,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes, including in connection with any commodities marketing activities or any permitted Oil and Gas Business activities;

(9) the Guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being Guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, as applicable, then the Guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness Guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within 30 Business Days of receiving notice;

(11) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in respect of self-insurance obligations or captive insurance companies or consisting of the financing of insurance premiums in the ordinary course of business;

(12) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or any of its Restricted Subsidiaries providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); *provided* that, in the case of a disposition, the maximum aggregate liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(13) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees incurred in the ordinary course of business or in respect of any governmental requirement, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations incurred in the ordinary course of business or in respect of any governmental requirement (including abandonment funds or other obligations), *provided*, *however*, that upon the drawing of such letters of credit or other similar instruments, the obligations are reimbursed within 30 days following such drawing and (c) any customary treasury and/or cash management services, including treasury, depository, overdraft, credit card processing, credit or debit card, purchase card, electronic funds transfer, the collection of checks and direct debits, cash pooling and other cash management arrangements, in each case, in the ordinary course of business;

(14) Indebtedness or preferred stock of a Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is acquired by the Company or any of its Restricted Subsidiaries or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries in accordance with the Indenture and Indebtedness incurred by the Company or any of its Restricted Subsidiaries, in each case, (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by or was merged into the Company or any of its Restricted Subsidiaries or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided, however,* with respect to this clause (14) that at the time of the acquisition or other transaction pursuant to which such Indebtedness was either deemed to be incurred or was incurred, (x) the Company would have been able to incur at least $1.00 of Ratio Debt after giving effect to the incurrence of such Indebtedness or issuance of such preferred stock pursuant to this clause (14) or (y) (i) the Fixed Charge Coverage Ratio would not be less than it was immediately prior to giving effect to such acquisition or other transaction or (ii) the Consolidated Net Leverage Ratio would not be more than it was immediately prior to giving effect to such acquisition or other transaction;

(15) Guarantees by the Company or any of its Restricted Subsidiaries of any Management Advances;

(16) Guarantees by the Company or any of its Restricted Subsidiaries granted to any trustee of any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit trust scheme approved by the Board of Directors of the Company or any Parent Holdco, so long as the proceeds of the Indebtedness so Guaranteed are used to purchase Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any net cash proceeds from the sale of such Equity Interests of the Company will be excluded from clause (3)(b) of the first paragraph of the covenant described above under the caption "—*Restricted Payments*" and will not be considered to be net cash proceeds from an Equity Offering for purposes of the "Optional Redemption" provisions of the Indenture;

(17) Guarantees by the Company or any of its Restricted Subsidiaries of pension fund obligations of the Company or any Restricted Subsidiary required by law or regulation;

(18) (a) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in connection with one or more standby letters of credit, Guarantees, performance bonds or other reimbursement obligations, in each case, issued in the ordinary course of business and not in connection with the borrowing of money or the obtaining of an advance or credit (other than advances or credit for goods and services in the ordinary course of business and on terms and conditions that are customary in the Oil and Gas Business, and other than the extension of credit represented by such letter of credit, Guarantee or performance bond itself); and
(b) Indebtedness of the Company or any Restricted Subsidiary consisting of take-or-pay obligations or minimum stocking requirement contained in supply arrangements entered into in the ordinary course of business;

(19) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness through the provision of bonds, Guarantees, letters of credit or similar instruments required by any governmental or regulatory agencies, including, without limitation, customs authorities; in each case, in the ordinary course of business of the Company or any of its Restricted Subsidiaries at any time outstanding not to exceed the amount required by such governmental or regulatory authority;

(20) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness in the form of customer deposits and advance payments received in the ordinary course of business from customers for purchases in the ordinary course of business;

(21) Indebtedness arising in connection with (including the operation and establishment of) a fiscal unity or group for corporate tax on income or gains or value added tax purposes of which any Restricted Subsidiary is a member;

(22) Indebtedness of the Issuer and any Guarantor in an aggregate principal amount that, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (22) and then outstanding, will not exceed 100% of the Net Proceeds received by the Company (or the Company in the case of Subordinated Shareholder Debt) from the issuance or sale (other than to a Restricted Subsidiary) of Subordinated Shareholder Debt or its Capital Stock (other than Disqualified Stock, an Excluded Contribution or Excluded Amounts) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock) of the Company, in each case, subsequent to the Issue Date *provided, however*, that (i) any such Net Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2) and (13) of the second paragraph of the covenant described above under "—*Restricted Payments*" to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (22) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2) and (13) of the second paragraph of the covenant described above under "—*Restricted Payments*" in reliance thereon;

(23) the incurrence by the Company or any of its Restricted Subsidiaries of additional Indebtedness or the issuance of Disqualified Stock by the Company or preferred stock by any Restricted Subsidiary in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to extend, renew, refund, replace, exchange, defease or discharge any Indebtedness incurred pursuant to this clause (23), not to exceed the greater of (a) $200.0 million and (b) 18.0% of Consolidated Total Assets determined as of the date of such incurrence or issuance; *provided*, however, that the aggregate principal amount of Indebtedness that may be incurred by Non-Guarantor Restricted Subsidiaries pursuant to this clause (23), when aggregated with the amount of outstanding Indebtedness that was incurred under clause (25) hereof, shall not exceed the greater of (x) $200.0 million and (y) 18.0% of Consolidated Total Assets at any one time outstanding, determined as of the date of such incurrence or issuance;

(24) Indebtedness under daylight borrowing facilities incurred in connection with the Offering or any refinancing of Indebtedness (including by way of set-off or exchange) so long as any such Indebtedness is repaid within three days of the date on which such Indebtedness is incurred; and

(25) the incurrence by any Non-Guarantor Restricted Subsidiary of Indebtedness that is Project Debt; *provided* that at the time of and after giving effect to such Indebtedness, the Company would have been permitted to incur at

least $1.00 of additional Indebtedness as Ratio Debt; *provided*, however, that the aggregate principal amount of Indebtedness that may be incurred by Non-Guarantor Restricted Subsidiaries pursuant to this clause (25), when aggregated with the amount of outstanding Indebtedness that was incurred under clause (23) hereof, shall not exceed the greater of (x) $200.0 million and (y) 18.0% of Consolidated Total Assets at any one time outstanding, determined as of the date of such incurrence or issuance.

For purposes of determining compliance with, and the outstanding principal amount of, any particular Indebtedness, Disqualified Stock or preferred stock incurred or issued pursuant to and in compliance with this covenant:

(1) in the event that an item or portion of an item of proposed Indebtedness, Disqualified Stock or preferred stock meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (25) above, or is entitled to be incurred or issued pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item or portion of such item on the date of its incurrence or issuance and only be required to include the amount and type of such item in one of such clauses and from time to time to reclassify all or a portion of such item, in any manner that complies with this covenant; *provided* that Indebtedness incurred under the Revolving Credit Facility outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the definition of Permitted Debt;

(2) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included; and

(3) Indebtedness, Disqualified Stock or preferred stock permitted by this covenant need not be permitted solely by reference to one provision permitting it but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness, Disqualified Stock or preferred stock, as applicable.

The amount of any Indebtedness, Disqualified Stock or preferred stock outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with IFRS;

(2) in respect of Hedging Obligations, either (a) zero if such Hedging Obligation is incurred pursuant to clause (8) of the second paragraph of this covenant or (b) the notional amount of such Hedging Obligation if not incurred pursuant to such clause;

(3) the principal amount of the Indebtedness, in the case of any other Indebtedness;

(4) in the case of any preferred stock, (i) if other than Disqualified Stock, the greater of its voluntary or involuntary liquidation preference and its maximum fixed redemption price or repurchase price or (ii) if Disqualified Stock, as specified in the definition thereof; and

(5) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

    (i) the Fair Market Value of such assets at the date of determination; and

    (ii) the amount of the Indebtedness of the other Person.

Accrual of interest, accrual of dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles and the payment of dividends in the form of additional shares of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be the principal amount or liquidation preference thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be incurred as of such date under this "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" covenant, the Company shall be in Default of this covenant).

For purposes of calculating any ratio-based or ratio-referent basket, with respect to any revolving Indebtedness, delayed draw facility or other committed debt financing incurred under such ratio-based or ratio-referent basket, the Company may elect, at any time (which election may not be changed with respect to such Indebtedness), to either (x) give pro forma effect to the incurrence of the entire committed amount of such Indebtedness, in which case such committed amount may thereafter be borrowed or reborrowed, in whole or in part, from time to time, without further compliance with any ratio-based or ratio-referent component of any provision of the Indenture, or (y) give pro forma effect to the incurrence of the actual amount drawn under such revolving Indebtedness, delayed draw facility or other committed debt financing, in which case, the ability to incur the amounts committed to under such Indebtedness will be subject to the ratio-based or ratio-referent basket (to the extent being incurred pursuant to such ratio) at the time of each such incurrence.

For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term debt, or first committed or first incurred (whichever yields the lower U.S. dollar-equivalent), in the case of revolving credit debt or debt financing to fund an acquisition, or first issued in the case of Disqualified Stock or preferred stock, or, in each case, at the Testing Party's option, the Transaction Commitment Date or last day of the applicable four-quarter reference period; *provided, however*, that (i) if such Indebtedness denominated in non-U.S. dollar currency is subject to a Currency Exchange Protection Agreement with respect to U.S. dollars, the amount of such Indebtedness expressed in U.S. dollars will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the U.S. dollar-equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the U.S. dollar-equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such U.S. dollar-equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the U.S. dollar-equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Permitted Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

The Indenture will not treat (1) unsecured Indebtedness as subordinated or junior to secured Indebtedness merely because it is unsecured or (2) Indebtedness as subordinated or junior to any other Indebtedness merely because it has a junior priority with respect to the same collateral.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind securing Indebtedness upon any of its property or assets (whether now owned or hereafter acquired), except (x) Permitted Liens or (y) Liens on property or assets that are not Permitted Liens (the "Initial Lien") if payments due under the Notes and the Indenture are directly secured at least equally and ratably with (or in the case of Subordinated Obligations, prior or senior thereto with the same relative priority as the Notes shall have with respect to such Subordinated Obligations) the obligations secured by the Initial Lien for so long as such obligations are so secured.

Any Lien created for the benefit of the holders pursuant to this covenant will provide by its terms that such Lien will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien other than as a consequence of an enforcement action with respect to the assets subject to such Lien.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries,

provided that (x) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) contractual encumbrances or restrictions in effect on the Issue Date, including agreements governing Existing Indebtedness and Credit Facilities and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date or will not adversely affect in any material respect the Issuer's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company);

(2) the Indenture, the Notes (including Additional Notes) and the Note Guarantees;

(3) applicable law, rule, regulation or order or the terms of any license, authorization, approval, concession or permit or similar restriction;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) customary non-assignment and similar provisions in contracts, leases and licenses (including, without limitation, licenses of intellectual property) entered into in the ordinary course of business;

(6) purchase money obligations for property (including Capital Stock) acquired in the ordinary course of business, Capital Lease Obligations and mortgage financings that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(7) agreements for the sale or other disposition of assets, including without limitation an agreement for the sale or other disposition of the Capital Stock or assets of a Restricted Subsidiary, that restricts distributions by the applicable Restricted Subsidiary pending the sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced or will not adversely affect in any material

respect the Issuer's ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company);

(9) Liens permitted to be incurred under the provisions of the covenant described above under the caption "—*Liens*" that limit the right of the debtor or the security provider to dispose of the assets subject to such Liens;

(10) provisions limiting the disposition or distribution of assets or property in, or transfer of Capital Stock of, joint venture agreements (including, for the avoidance of doubt, the Arauca Agreement), asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment), which limitations are applicable only to the assets, property or Capital Stock that are the subject of such agreements;

(11) agreements governing other Indebtedness of the Company or any of its Restricted Subsidiaries permitted to be incurred in accordance with the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*," and any amendments, restatements, modifications, renewals, supplements, increases, refundings, replacements or refinancings of those agreements; *provided* that any such encumbrances or restrictions contained in such Indebtedness are not materially more restrictive taken as a whole than customary in comparable financings in such jurisdictions as such Indebtedness is being incurred or will not adversely affect in any material respect the ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company);

(12) supermajority voting requirements existing under corporate charters, bylaws, stockholders agreements, joint venture agreements and similar documents and agreements;

(13) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;

(14) Hedging Obligations permitted from time to time under the Indenture;

(15) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case under contracts entered into in the ordinary course of business;

(16) [reserved]; and

(17) any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (16), or in this clause (17); *provided* that the terms and conditions of any such encumbrances or restrictions are not materially more restrictive taken as a whole with respect to such dividend and other payment restrictions than those under or pursuant to the agreement so extended, renewed, refinanced or replaced or will not adversely affect in any material respect the ability to make principal or interest payments on the Notes as they become due (in each case, as determined in good faith by a responsible accounting or financial officer of the Company).

Merger, Consolidation or Sale of Assets

The Company and the Issuer

Neither the Company nor the Issuer will, directly or indirectly (i) consolidate, amalgamate or merge with or into another Person (whether or not the Company or the Issuer is the surviving corporation) or (ii) in the case of the Company, sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company or the Issuer is the surviving corporation; or (b) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company or the Issuer, as the case may be) or to which such sale, assignment, transfer, lease, conveyance or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union (as it is constituted on the Issue Date) or the United Kingdom, Switzerland, Norway, Canada, Australia, Japan, Bermuda, Panama, the Cayman Islands, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company or the Issuer, as the case may be) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company or the

Issuer, as the case may be, under the Notes or the Note Guarantee, as applicable, and the Indenture pursuant to a supplemental indenture in a form reasonably acceptable to the Trustee;

(3) immediately after such transaction or transactions, no Default or Event of Default exists;

(4) the Company or the Issuer, as the case may be, or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Company or the Issuer, as the case may be), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made, would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter reference period, (i) be permitted to incur at least $1.00 of Ratio Debt or (ii) (x) have a Fixed Charge Coverage Ratio not less than it was immediately prior to giving effect to such transaction or (y) have a Consolidated Net Leverage Ratio not greater than it was immediately prior to giving effect to such transaction; and

(5) the Company or the Issuer shall have delivered to the Trustee an Officer's Certificate and an opinion of counsel, each stating that such consolidation, amalgamation, merger or disposition and such supplemental indenture (if any) comply with this covenant; *provided* that in giving an opinion of counsel, counsel may rely on an Officer's Certificate as to any matters of fact.

The surviving entity will succeed to, and be substituted for, and may exercise every right and power of, the Company or the Issuer (or with respect to the Company, the guarantee of such obligations), as the case may be, under the Indenture, but, in the case of a lease of all or substantially all of its properties or assets, the Issuer will not be released from the obligation to pay the principal of and interest and premium, if any, on the Notes.

Subsidiary Guarantors

A Guarantor (other than any Guarantor whose Note Guarantee is to be released in accordance with the terms of the Note Guarantee and the Indenture as described under "*—Note Guarantees Release*", and excluding the Company) may not sell or otherwise dispose of all or substantially all of its properties or assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Issuer, the Company or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

    (a) such Guarantor is the surviving entity;

    (b) the Person acquiring the property in any such sale or other disposition or the Person formed by or surviving any such consolidation, amalgamation or merger (if other than the Issuer, the Company or another Guarantor) unconditionally assumes, pursuant to a supplemental indenture substantially in the form specified in the Indenture, all the obligations of such Guarantor under such Indenture and its Note Guarantee on the terms set forth therein; or

    (c) the Net Proceeds of such sale or other disposition are applied in accordance with the provisions of the Indenture described under the caption "*—Repurchase at the Option of Holders—Asset Sales.*"

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the properties or assets of a Person.

Clauses (3) and (4) of the first paragraph of this covenant and clause (1) of the third paragraph of this covenant will not apply to any merger, consolidation or amalgamation of the Issuer, the Company or any Restricted Subsidiary with or into an Affiliate solely for the purpose of reincorporating the Issuer, the Company or such Restricted Subsidiary in another jurisdiction.

Nothing in the Indenture will prevent and this covenant will not restrict (and will not apply to): (i) any Restricted Subsidiary that is not a Guarantor from consolidating with, merging or liquidating into or transferring all or substantially all of its properties and assets to the Issuer, a Guarantor or any other Restricted Subsidiary that is not a Guarantor; (ii) a Guarantor from merging or liquidating into or transferring all or part of its properties and assets to the Issuer or another Guarantor; (iii) a Guarantor transferring all or part of its properties and assets to a Restricted

Subsidiary that is not a Guarantor in order to comply with any law, rule, regulation or order, recommendation or directions of, or agreement with, any regulatory authority having jurisdiction over the Company or any of its Restricted Subsidiaries; (iv) any consolidation or merger of the Issuer into any Guarantor; *provided* that, if the Issuer is not the surviving entity of such merger or consolidation, the relevant Guarantor will assume the obligations of the Issuer under the Notes and the Indenture and clauses (1) and (5) under the heading "*—The Company and the Issuer*" shall apply to such transaction; (v) the Issuer or any Guarantor changing the legal form of such entity or consolidating into or merging or combining with an Affiliate incorporated or organized for the purpose of changing the legal domicile of such entity, reincorporating such entity in another jurisdiction, or changing the legal form of such entity; *provided*, *however*, that clauses (1), (3) and (5) under the heading "*—The Company and the Issuer*" or clauses (2)(a) and (2)(b) under the heading "*—Subsidiary Guarantors*", as the case may be, shall apply to any such transaction; and (vi) the Issuer or any Guarantor changing its name.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an "Affiliate Transaction") involving aggregate payments or consideration in excess of $20.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person (as determined in good faith by a responsible accounting or financial officer of the Company); and

(2) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50.0 million, the Company delivers to the Trustee a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by the Board of Directors of the Company.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) transactions between or among the Company and/or its Restricted Subsidiaries;

(2) Management Advances and Permitted Parent Payments;

(3) the incurrence of any Subordinated Shareholder Debt;

(4) Restricted Payments not prohibited by the provisions of the Indenture described above under the caption "—*Restricted Payments*" and Permitted Investments;

(5) transactions with a Person (other than an Unrestricted Subsidiary of the Company) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(6) any customary directors' fees, indemnification and similar arrangements (including the payment of directors' and officer's insurance premiums), consultant agreements, employment agreements, collective bargaining agreements, severance agreements, any other compensation or employee benefit plans or arrangements (including stock option, stock appreciation, equity incentive or equity ownership or similar plans) or legal fees (as determined in good faith by a majority of the disinterested members of the Board of Directors of the Company;

(7) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(8) transactions with a joint venture or similar entity (including, for the avoidance of doubt, SierraCol Arauca) which would constitute an Affiliate Transaction solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, can designate one or more members of the board of, or otherwise controls, such joint venture or similar entity;

(9) (i) (a) the COG Acquisition; (b) the Transactions (including any fees paid in connection with customary broker-dealer activities) or (c) transactions pursuant to, or contemplated by any agreement or arrangement in

effect on the Issue Date and as described in this Offering Memorandum under the caption "*Certain Relationships and Related Party Transactions*," and transactions pursuant to any amendment, modification, supplement or extension thereto; *provided* that any such amendment, modification, supplement or extension to the terms thereof, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement or arrangement as in effect on the Issue Date and (ii) the Management Agreements or any transaction or payments (including reimbursement of out-of-pocket expenses or payments under any indemnity obligations) contemplated thereby;

(10) (i) transactions with customers, clients, suppliers, purchasers or sellers of goods or services, providers of employees or other labor, oil field service companies, construction companies, engineering companies, other oil and gas exploration and development companies or other suppliers or service providers, in each case, in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or any of its Restricted Subsidiaries, in the reasonable determination of the senior management of the Company, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person and (ii) to the extent constituting Affiliate Transactions, transactions with any governmental agency or entity in connection with the Oil and Gas Business;

(11) payments or other transactions pursuant to any tax sharing agreement or group arrangement among the Company or any of its Restricted Subsidiaries and any other Person with which the Company or any of its Restricted Subsidiaries files or filed a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is or was part of a consolidated group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that such payments, and the value of such transactions, shall not exceed the amount of tax that the Company or such Restricted Subsidiaries would owe if such Person was not a member of such consolidated or tax advantageous group;

(12) the transfer, pledge or other disposition of all or any portion of Equity Interests of Unrestricted Subsidiaries;

(13) transactions between the Company or any Restricted Subsidiary and any Person, a director of which is also a director of the Company or any Parent Holdco and such director is the sole cause for such Person to be deemed an Affiliate of the Company or any Restricted Subsidiary; *provided, however,* that such director shall abstain from voting as a director of the Company or such Parent Holdco, as the case may be, on any matter involving such other Person;

(14) any participation in a public tender or exchange offer for securities or debt instruments issued by the Company or any of its Subsidiaries that are conducted on arm's-length terms and provide for the same price or exchange ratio, as the case may be, to all holders accepting such tender or exchange offer; and

(15) any transactions for which the Company or a Restricted Subsidiary delivers a written letter or opinion to the Trustee from an Independent Financial Advisor stating that such transaction is (a) fair to the Company or such Restricted Subsidiary from a financial point of view or (b) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

Limitation on Lines of Business

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than the Oil and Gas Business, except to the extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Limitation on Guarantees of Indebtedness by Restricted Subsidiaries

The Company will not permit any Non-Guarantor Restricted Subsidiary, directly or indirectly, to Guarantee, assume or in any other manner become liable for the payment of any Indebtedness under a Credit Facility greater than $50.0 million or any Public Indebtedness, in each case of the Company or the Issuer (other than the Notes) or a Guarantor (other than a Guarantee of the Notes) unless such Restricted Subsidiary simultaneously executes and delivers to the Trustee a supplemental indenture to the Indenture providing for a Guarantee of payment of the Notes by such Restricted Subsidiary which Note Guarantee will be senior in right of payment to or *pari passu* in right of payment with such Restricted Subsidiary's Guarantee of such other Indebtedness.

The foregoing paragraph will not be applicable to any Guarantees of any Restricted Subsidiary:

(1) existing on the date of the Indenture;

(2) that existed at the time such Person became a Restricted Subsidiary if the Guarantee was not incurred in connection with, or in contemplation of, such Person becoming a Restricted Subsidiary;

(3) arising due to the granting of a Permitted Lien; or

(4) given to a bank or trust company having combined capital and surplus and undivided profits of not less than $250.0 million, whose debt has a rating, at the time such Guarantee was given, of at least "A" or the equivalent thereof by S&P and at least "A2" or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the Company's benefit or that of any Restricted Subsidiary.

In addition, notwithstanding anything to the contrary herein:

(1) no Guarantee by any such Restricted Subsidiary shall be required if such Guarantee could reasonably be expected to give rise to or result in (A) personal liability for the officers, directors or shareholders of such Restricted Subsidiary, (B) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or such Restricted Subsidiary or (C) any significant cost, expense, liability or obligation (including with respect to any Taxes) other than reasonable out of pocket expenses and other than reasonable expenses incurred in connection with any governmental or regulatory filings required as a result of, or any measures pursuant to clause (B) undertaken in connection with, such Guarantee, which cannot be avoided through measures reasonably available to the Company or the Restricted Subsidiary; and

(2) each Note Guarantee will be limited as necessary to reflect limitations under local law in the applicable jurisdiction and defenses generally available to guarantors in such jurisdiction (including those relating to fraudulent conveyance, fraudulent transfer, voidable preference, financial assistance, corporate purpose, corporate benefit, capital maintenance and similar laws, regulations and defenses affecting the rights of creditors generally) or other considerations under applicable law, including those limitations described under "*Limitations on Validity and Enforceability of the Guarantees*." This includes limiting Note Guarantees to an amount not to exceed the maximum amount that can be guaranteed by that Restricted Subsidiary without rendering the Note Guarantee, as it relates to such Restricted Subsidiary, voidable under applicable law. However, such limitations may not be effective under local law.

Future Guarantees granted pursuant to this provision will be released as set forth under "*—Note Guarantees Release*." A Guarantee of a future Guarantor will be deemed to provide by its terms that it shall be automatically and unconditionally released and discharged if at the date of such release either (i) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture if such Guarantor had not been designated as a Guarantor, or (ii) there is no Indebtedness of such Guarantor outstanding which was incurred after the Issue Date and which could not have been incurred in compliance with the Indenture as at the date of such release if such Guarantor were not designated as a Guarantor as at that date. The Trustee shall take all necessary actions, at the request of the Company, to effectuate any release of a Note Guarantee in accordance with these provisions, subject to customary protections and indemnifications.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company or any direct or indirect parent of the Company may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary if that designation would not cause a Default and in the circumstances described below under "*—Certain Definitions—Unrestricted Subsidiary*". If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be either (1) a Restricted Investment made as of the time of the designation that will reduce the amount available for Restricted Payments under the covenant described above under the caption "*—Restricted Payments*" or (2) a Permitted Investment under one or more clauses of the definition of Permitted Investments, as determined in good faith by a responsible accounting or financial officer of the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary.

Any designation of a Subsidiary of the Company (other than the Issuer) as an Unrestricted Subsidiary will be evidenced to the Trustee by providing the Trustee with a copy of a resolution of the Board of Directors of the

Company or any direct or indirect parent of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—*Restricted Payments*." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock,*" the Company will be in default of such covenant.

The Board of Directors of the Company or any direct or indirect parent of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—*Incurrence of Indebtedness and Issuance of Preferred Stock*," calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

Reports

(1) The Issuer will make available, upon request, to any holder of Notes or prospective purchaser of Notes in the United States, in connection with any sale thereof, the information specified in Rule 144A(d)(4) under the U.S. Securities Act, unless the Issuer is subject to Section 13 or 15(d) of the U.S. Exchange Act at or prior to the time of such request.

(2) So long as any Notes are outstanding, the Company shall furnish to the Trustee (which shall distribute the same to a holder of Notes upon such holder's written request):

(i) within 150 days after the end of the Company's first fiscal year ending after the Issue Date and within 120 days after the end of each fiscal year thereafter, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this Offering Memorandum: (a) audited consolidated balance sheet of Company as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years (and comparative information for the end of the prior fiscal year), including complete notes to such financial statements and the report of the independent auditors on the financial statements; (b) a "Management's Discussion and Analysis of Financial Condition and Results of Operations" with respect to the periods presented; (c) material changes, in each case, in the description of business, material affiliate transactions, Indebtedness and material financing arrangements and all material debt instruments; and (d) material changes in risk factors and material recent developments (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in this Offering Memorandum); *provided* that (following a Public Equity Offering on a Recognized Stock Exchange and for so long as the Listing Authority and Recognized Stock Exchange require annual reports and the Company is subject to such requirements thereto), any item of disclosure that complies in all material respects with the requirements of the Listing Authority and Recognized Stock Exchange for annual reports with respect to such item will be deemed to satisfy the Company's obligations under this clause (i) with respect to such item (provided that such disclosure is prepared in English or with an English translation);

(ii) within 90 days after each of June 30, 2021 and September 30, 2021, and thereafter within 60 days following the end of the Company's first three fiscal quarters of each fiscal year, quarterly reports, in each case, containing: (a) an unaudited condensed consolidated balance sheet as of the end of such year to date period and unaudited condensed statements of income and cash flow for the year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year period for the Company, together with condensed note disclosure; (b) a "Management's Discussion and Analysis of Financial Condition and Results of Operations" with respect to the periods presented; and (c) material recent developments (all of the foregoing financial information to be prepared on a basis substantially consistent with the corresponding financial information included in this Offering Memorandum); *provided* that (following a Public Equity Offering on a Recognized Stock Exchange, and for so long as

the Listing Authority and Recognized Stock Exchange require interim reports and the Company is subject to such requirements thereto), any item of disclosure that complies in all material respects with the requirements of the Listing Authority and Recognized Stock Exchange for interim reports with respect to such item will be deemed to satisfy the Company's obligations under this clause (ii) with respect to such item (and for the avoidance of doubt, quarterly, rather than semi-annual, reports shall be furnished) (provided that such disclosure is prepared in English or with an English translation); and

(iii) promptly after the occurrence of any material acquisition, disposition or restructuring of the Company and its Restricted Subsidiaries, taken as a whole, or changes in the chief executive officer or chief financial officer at the Company or changes in auditors of the Company, a report containing a description of such event;

provided, however, that any reports set out in this paragraph delivered to the Trustee via e-mail or other electronic means shall be deemed to have been "furnished" to the Trustee in accordance with the terms of this paragraph. Notwithstanding the foregoing and for the avoidance of doubt, (a) the Company will not be required to furnish any information, certificates or reports required by (i) Section 302, Section 404 or Section 906 of the Sarbanes-Oxley Act of 2002, or related Items 307 or 308 of Regulation S-K or (ii) Regulation G or Item 10(e) of Regulation S-K promulgated by the SEC with respect to any non-generally accepted accounting principles financial measures contained therein, (b) the information and reports referred to in clauses (i), (ii) and (iii) in the first paragraph of this covenant will not be required to contain the separate financial statements or other information contemplated by Rule 3-05, Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X, (c) the information and reports referred to in clauses (i), (ii) and (iii) in the first paragraph of this covenant shall not be required to present compensation or beneficial ownership information, (d) the information and reports referred to in clauses (i), (ii) and (iii) in the first paragraph of this covenant shall not be required to include any exhibits required by Item 15 of Form 10-K, Item 6 of Form 10-Q or Item 9.01 of Form 8-K, (e) trade secrets and other proprietary information may be excluded from any disclosures, (f) no required report will be required to contain any "segment reporting" and (g) no financial statements shall be required to include purchase accounting or recapitalization accounting adjustments relating to any acquisition to the extent it is not practicable to include them.

All financial statements shall be prepared in accordance with IFRS as in effect on the date of such report or financial statement (or otherwise on the basis of IFRS as then in effect) and on a consistent basis for the periods presented; *provided, however,* that the reports set forth in clauses (i), (ii) and (iii) above may, in the event of a change in IFRS, present earlier periods on a basis applied to such periods. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum. In addition, the reports set forth above will not be required to contain any reconciliation to US GAAP.

For purposes of this covenant, an acquisition or disposition shall be deemed to be material if the entity or business acquired or disposed of represents greater than 20% of the Company's (a) consolidated revenue or Consolidated Cash Flow for the most recent four quarters for which annual or quarterly financial reports have been delivered to the Trustee or (b) Consolidated Total Assets as of the last day of the most recent quarter for which annual or quarterly financial reports have been delivered to the Trustee.

If the Company has designated any of its Subsidiaries (other than the Issuer) as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required pursuant to clauses (i) and (ii) of the second paragraph of this covenant will include a reasonably detailed presentation, either on the face of the financial statements, in the footnotes thereto or in the required discussion of the consolidated financial condition and results of operations of the Company, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In addition, in the case of furnishing the information pursuant to clauses (i) and (ii) of the second paragraph of this covenant, the Company will promptly thereafter hold a conference call with holders of the Notes hosted by an Officer of the Company to discuss the operations of the Company and its Subsidiaries in respect of the relevant period. The Company shall satisfy this requirement by providing an invitation by way of notices disseminated via Bloomberg or other private information system or posting on the Company's website or on a non-public, password-protected website maintained by the Company, any Subsidiary of the Company or any direct or indirect parent of the Company or a third party; *provided* that following a Public Equity Offering on a Recognized Stock Exchange the

Company may satisfy this requirement by providing an invitation to its quarterly investor presentations by way of notices disseminated via Bloomberg or other private information system or postings on the Company's website following the delivery of its annual and quarterly financial reports in compliance with the rules and regulations of such Recognized Stock Exchange.

The Company will also make available copies of all reports required by clauses (i)-(iii) of the second paragraph of this covenant either (i) on the Company's website, (ii) on a non-public, password-protected website maintained by the Company, any Subsidiary of the Company or any direct or indirect parent of the Company or a third party or (iii) publicly available through substantially comparable means (as determined by an Officer of the Company in good faith) (it being understood that, without limitation, making such reports available on Bloomberg or another private electronic information service will constitute substantially comparable public availability). The Company will also make available copies of all reports required by clauses (i) and (ii) of the second paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Exchange and the rules of the Authority so require, at the specified office of the Paying Agent in New York.

Notwithstanding the foregoing, the Company will be deemed to have provided such information to the Trustee, the holders of the Notes and prospective holders of the Notes if such information referenced in clauses (i), (ii) or (iii) of the first paragraph of this covenant has been posted to the Company's website.

The Trustee shall have no duty to ascertain if or when any reports have been made available pursuant to clauses (i), (ii) or (iii) of the sixth paragraph of this covenant. Delivery of the above reports to the trustee is for informational purposes only and the Trustee's receipt of such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including the compliance of the issuer or the guarantor with any of their respective covenants in the indenture (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

The Company may satisfy its obligations and the requirements of this covenant by furnishing reports and information relating to (i) any branch account or accounts or wholly owned Subsidiary of the Company that, together with its consolidated Subsidiaries, constitutes substantially all of the assets and liabilities of the Company and its consolidated Subsidiaries ("*Qualified Reporting Subsidiary*") or (ii) any Parent Holdco consolidating reporting at its level in a manner consistent with that described in this covenant; *provided that*, such reports and other information are accompanied by a reasonably detailed, unaudited description of any material differences between the information relating to such Parent Holdco and its Subsidiaries, on the one hand, and the information relating to the Company and its Subsidiaries, on the other hand. Notwithstanding the foregoing, the Company may satisfy its obligations and the requirements of this covenant by furnishing reports and information prepared on a basis substantially consistent with the financial statements included in the Offering Memorandum.

Any person who requests or accesses such financial information or seeks to participate in any conference calls required by this covenant may be required to provide its email address, employer name and other information reasonably requested by the Issuer and represent to the Issuer (to the Issuer's reasonable good faith satisfaction) that:

(1) it is a holder of the Notes, a beneficial owner of the Notes, a bona fide prospective investor in the Notes, a bona fide market maker in the Notes affiliated with any Initial Purchaser or a bona fide securities analyst providing an analysis of investment in the Notes;

(2) it will not use the information in violation of applicable securities laws or regulations;

(3) it will keep such provided information confidential and will not communicate the information to any Person; and

(4) it (a) will not use such information in any manner intended to compete with the business of the Company and its Subsidiaries and (b) is not a Person (which includes such Person's Affiliates) that (i) is principally engaged in a Similar Business or (ii) derives a significant portion of its revenues from operating or owning a Similar Business.

Notwithstanding anything herein to the contrary, any failure to comply with this covenant shall be automatically cured if the Company, any Subsidiary of the Company or any direct or indirect parent of the Company, as the case may be, provides all required reports to the noteholders with a copy to the Trustee or files all required reports with the SEC or comparable securities regulator via the EDGAR (or other) filing system.

Suspension of Covenants when Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the "Suspension Period"), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "*—Repurchase at the Option of Holders—Asset Sales*";

(2) "*—Restricted Payments*";

(3) "*—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(4) "*—Dividend and Other Payment Restrictions Affecting Subsidiaries*";

(5) "*—Designation of Restricted and Unrestricted Subsidiaries*";

(6) "*—Transactions with Affiliates*";

(7) "*—Limitation on Lines of Business*";

(8) "*—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*"; and

(9) clause (4) of the first paragraph of the covenant described under "*—Merger, Consolidation or Sale of Assets*".

Such covenants will not be of any effect with regard to the actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after the date of such reinstatement (a "Reversion Date"), the amount of Restricted Payments will be calculated as though the covenant described under the caption "*—Restricted Payments*" had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (2) of the second paragraph of the caption "*—Incurrence of Indebtedness and Issuance of Preferred Stock*." In addition, (i) for purposes of the covenant described under "*—Transactions with Affiliates*," all agreements and arrangements entered into by the Company and any Restricted Subsidiary with an Affiliate during the Suspension Period prior to such Reversion Date will be deemed to have been entered pursuant to clause (9) of the second paragraph of "*—Transactions with Affiliates*," (ii) for purposes of the covenant described under "*—Dividend and Other Payment Restrictions Affecting Subsidiaries*," all contracts entered into during the Suspension Period prior to such Reversion Date that contain any of the restrictions contemplated by such covenant will be deemed to have been entered pursuant to clause (1) of the second paragraph of "*—Dividend and Other Payment Restrictions Affecting Subsidiaries*." Upon the occurrence of a Suspension Period, the amount of Applicable Proceeds shall be reset at zero. In addition, any Change of Control during such Suspension Period shall not require a Change of Control Offer during or after the Suspension Period. No Subsidiary may be designated as an Unrestricted Subsidiary during the Suspension Period, unless such designation would have complied with the covenant described under "*—Restricted Payments*" as if such covenant were in effect during such period.

The Company shall give the Trustee written notice of (i) any Suspension Period after such Suspension Period has occurred and (ii) any occurrence of a Reversion Date; *provided* that any failure by the Company to provide such notice shall not constitute a Default of Event of Default, nor shall such notice have any impact on the occurrence of any Suspension Period or Reversion Date. Absent such written notice the Trustee shall be entitled to assume that no Suspension Period or the occurrence of any Reversion Date has occurred.

Upon the Reversion Date, the obligation to grant Note Guarantees pursuant to the covenant described under "*—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*" will be reinstated (and the Reversion Date will be deemed to be the date on which such Indebtedness under a Credit Facility or Public Indebtedness, as applicable, was incurred or guaranteed, as applicable, for purposes of the covenant described under "*—Limitation on Guarantees of Indebtedness by Restricted Subsidiaries*").

The Company and any Subsidiary will be permitted, without causing a Default or Event of Default or breach of any kind under the Indenture, to honor, comply with or otherwise perform any contractual commitments or obligations entered into during a Suspension Period following a Reversion Date and to consummate the transactions contemplated thereby; *provided*, however, that (a) the Company and its Subsidiaries did not Incur or otherwise enter into such contractual commitments or obligations in contemplation of the Reversion Date and (b) the Company reasonably believed that such Incurrence or actions would not cause or result in a Reversion Date. For purposes of clauses (a) and (b) in the preceding sentence, anticipation and reasonable belief may be determined by the Issuer and shall be conclusively evidenced by a board resolution to such effect adopted in good faith by the Board of Directors of the Company. In reaching their determination, the Board of Directors may, but need not, consult with the Rating Agencies. To the extent any such commitment or obligation results in the making of a Restricted Payment, such Restricted Payment shall be made under clause (3) of the first paragraph or under the second paragraph of the covenant described under "—*Restricted Payments*" and if not permitted by any of such provisions, such Restricted Payment shall be deemed permitted under clause (3) of the first paragraph of the covenant described under "—*Restricted Payments*" and shall be deducted for purposes of calculating the amount pursuant to such clause (3) (which may not be less than zero).

The Company shall notify the Trustee and the holders that the two conditions set forth in the first paragraph under this heading have been satisfied, *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall not be obligated to notify holders that the two conditions set forth in the first paragraph under this heading have been satisfied.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Maintenance of Listing

The Issuer will use its commercially reasonable efforts to obtain before the first interest payment date and thereafter maintain the listing of the Notes on the Official List of the Exchange for so long as such Notes are outstanding; *provided* that if the Issuer is unable to obtain admission to listing the Notes on the Official List of the Exchange or it at any time the Issuer determines that it will not maintain such listing, it will use its commercially reasonable efforts to obtain and maintain a listing of such Notes on another "recognised stock exchange" as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom (in which case, references in this covenant to the Exchange will be deemed to refer to such other "recognised stock exchange").

Financial Calculations

When calculating the availability under any basket or ratio under the Indenture (including those based upon Consolidated Total Assets, Fixed Charge Coverage Ratio, Consolidated Net Leverage Ratio and/or Consolidated Senior Secured Net Leverage Ratio), in each case, in connection with (x) any acquisition, disposition, merger, joint venture, investment, incurrence, or other similar transaction where there is a time difference between commitment and closing or incurrence (including in respect of incurrence of Indebtedness, Restricted Payments and Permitted Investments) and (y) repayment, repurchase or refinancing of Indebtedness, Disqualified Stock or preferred stock with respect to which a notice of repayment (or similar notice), which may be conditional, has been delivered (each transaction referred to in clause (x) and (y), a "Tested Transaction"), the date of determination of such basket or ratio and of any Default or Event of Default shall, at the option of the Company or any of its Restricted Subsidiaries, any direct or indirect parent of the Company, any successor entity of any of the foregoing or a third party (the "Testing Party"), be the date the definitive agreements for such Tested Transaction are entered into, the date of declaration of such Restricted Payment, the date a public announcement of such Tested Transaction is made or the date of any notice, which may be conditional, of such Tested Transaction is given to the holders of such Indebtedness, Disqualified Stock or preferred stock (any such date, the "Transaction Commitment Date") and such baskets (including any "grower" portions thereof) or ratios shall be calculated on a *pro forma* basis after giving effect to such Tested Transaction and the other transactions to be entered into in connection therewith (including any Restricted Payment, Permitted Investment, Asset Disposition, incurrence of Indebtedness and the use of proceeds thereof) as if they occurred at the beginning of the applicable reference period for purposes of determining the ability to consummate any such transaction (and not for purposes of any subsequent availability of any basket or ratio). For the avoidance of doubt, (1) if any of such baskets or ratios are exceeded as a result of fluctuations in such basket or ratio (including due to fluctuations in Consolidated Cash Flow, Indebtedness, Consolidated Total Assets, or Cash and Cash Equivalents of the Company or the target company) or the applicable exchange rate utilized in calculating compliance with any U.S. dollar-based provision of the Indenture subsequent to such date of determination and at or prior to the consummation of the relevant transaction, such baskets or ratios will not be

deemed to have been exceeded as a result of such fluctuations solely for purposes of determining whether the transactions are permitted hereunder; (2) such baskets or ratios shall not be tested at the time of consummation of such transaction or related transactions (and for the avoidance of doubt, compliance with any requirement relating to the absence of a Default or Event of Default may be determined as of the Transaction Commitment Date and not as of any later date); (3) if financial statements for one or more subsequent fiscal quarters shall have become available, the Testing Party may elect, in its sole discretion, to re-determine all such baskets, ratios and financial metrics on the basis of such financial statements, in which case such date of redetermination shall thereafter be deemed to be the applicable Transaction Commitment Date for purposes of such baskets, ratios and financial metrics; and (4) consolidated interest expense for purposes of the Fixed Charge Coverage Ratio will be calculated using an assumed interest rate based on an indicative interest rate as reasonably determined by the Testing Party in good faith; *provided*, *further*, that if the Testing Party elects to have such determinations occur at the time of entry into such definitive agreement, any such transactions (including any Restricted Payment, Permitted Investment, Asset Disposition, repayment or redemption or Incurrence of Indebtedness and the use of proceeds thereof or Incurrence of a Lien) shall be deemed to have occurred on the date the definitive agreements are entered and outstanding thereafter for purposes of calculating any baskets or ratios under the Indenture after the date of such agreement and before the consummation of such transactions.

Notwithstanding anything in the Indenture to the contrary unless the Company elects otherwise, if, on any date, the Company or its Restricted Subsidiaries (A) incurs Indebtedness or any Lien, issues Disqualified Stock or preferred stock or undertakes any other transaction or series of transaction as permitted by a ratio-based or ratio-referent basket and (B) incurs Indebtedness or any Lien, issues Disqualified Stock or preferred stock or undertakes any other transaction or series of related transactions under a non-ratio-based or ratio-referent basket, then the applicable ratio will be calculated on such date with respect to any incurrence, issuance or transaction or series of related transactions under the applicable ratio-based or ratio-referent basket without giving effect to the incurrence, issuance or transaction or series of related transactions under such non-ratio-based or non-ratio-referent basket.

Notwithstanding anything to the contrary herein, so long as an action was taken (or not taken) in reliance upon a basket, ratio or financial metric that was calculated or determined in good faith by a responsible financial or accounting officer of a Testing Party based upon financial information available to such officer at such time and such action (or inaction) was permitted hereunder at the time of such calculation or determination, any subsequent restatement, modification or adjustments made to such financial information (including any restatement, modification or adjustment that would have caused such basket or ratio to be exceeded as a result of such action or inaction) shall not result in any Default or Event of Default.

To the extent the date of any delivery of any document required to be delivered pursuant to any provision of the Indenture falls on a day that is not a Business Day, the applicable date of delivery shall be deemed to be the next succeeding Business Day.

For purposes of determining the maturity date of any Indebtedness, customary bridge loans that are subject to customary conditions (including no payment or bankruptcy event of default) that would either automatically be extended as, converted into or required to be exchanged for permanent refinancing shall be deemed to have the maturity date as so extended, converted or exchanged.

Events of Default and Remedies

Each of the following is an "Event of Default":

(1) default in the payment when due of interest or Additional Amounts, if any, with respect to the Notes, continued for 30 days;

(2) default in the payment when due (at final maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Issuer or any Guarantor to comply with the provisions described under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(4) failure by the Issuer for 30 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the provisions described under the caption "*—Repurchase at the Option of Holders—Change of Control Triggering Event*" above;

(5) failure by the Issuer or relevant Guarantor for 60 days after written notice to the Issuer by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other agreements in the Indenture (other than a default in performance, or breach, of a covenant or agreement which is specifically dealt with in clauses (1), (2), (3) or (4)); *provided* that in the case of a failure to comply with the provisions described under "*—Certain Covenants—Reports*," such period of continuance of such default or breach shall be 90 days after written notice described in this clause (5) has been given;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created, after the Issue Date, if that default:

(a) is caused by a failure to pay principal of such Indebtedness at final maturity thereof after giving effect to any applicable grace periods provided in such Indebtedness and such failure to make any payment has not been waived or the maturity of such Indebtedness has not been extended (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness is $50.0 million or more;

(7) failure by the Issuer, the Company or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $50.0 million (net of any amount with respect to which a reputable and solvent insurance company has acknowledged liability in writing), which judgments are not paid, discharged, stayed or fully bonded for a period of 60 days (or, if later, the date when payment is due pursuant to such judgment);

(8) except as permitted by the Indenture (including with respect to any limitations), any Note Guarantee of a Significant Subsidiary is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor that is a Significant Subsidiary or any Person acting on behalf of any such Guarantor that is a Significant Subsidiary, denies or disaffirms its obligations under its Note Guarantee; and

(9) other than on a solvent basis, certain events of bankruptcy or insolvency described in the Indenture with respect to the Issuer, the Company or any Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default described in clause (9) above occurs and is continuing, with respect to the Issuer or the Company, all then outstanding Notes will become due and payable immediately without further action or notice.

The Trustee shall not be deemed to have notice of any Default or Event of Default (other than default under clauses (1) or (2) of the first paragraph of this covenant) unless a written notice of any event which is in fact such a default is received by a Responsible Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Notes and the Indenture.

If an Event of Default (other than an Event of Default described in clause (9) above) occurs and is continuing, (i) the Trustee, by notice to the Issuer; or (ii) the Holders of at least 25% in aggregate principal amount of the outstanding Notes under the Indenture, by written notice to the Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest on all the Notes under the Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest will be due and payable immediately. In the event an Event of Default described in clause (6) under the definition of "*—Events of Default and Remedies*" has occurred and is continuing, such Event of Default and all consequences thereof will be annulled, waived and rescinded, automatically and without any action by the Trustee or the holders of the Notes, if prior to 30 days after such Event of Default arose, (x) the Indebtedness or guarantee that is the basis for such Event of Default has been discharged, (y) the requisite amount of holders thereof have rescinded or waived the acceleration, notice or action (as the case may be) giving rise to such Event of Default or (z) the default that is the basis for such Event of Default has otherwise been cured.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the

Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

The Holders of a majority in principal amount of the outstanding Notes under the Indenture by written notice to the Trustee may, on behalf of all Holders, waive all past or existing Defaults or Events of Default (except with respect to non-payment of principal, premium, interest or Additional Amounts, if any, which may only be waived with the consent of Holders of not less than 90% of the aggregate principal amount of the outstanding Notes) and rescind any such acceleration with respect to such Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction. Upon any waiver of a Default or Event of Default with respect to the Notes, such Default or Event of Default shall cease to exist with respect to the Notes, and any Event of Default with respect to the Notes arising therefrom shall be deemed to have been cured for every purpose of the Indenture.

Subject to the provisions of the Indenture relating to the duties of the Trustee in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee (and if requested, provided) indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under "*—Amendment, Supplement and Waiver*") to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The Indenture will provide that (i) if a Default occurs for a failure to deliver a report or a required certificate in connection with another default (an "Initial Default") then at the time such Initial Default is cured, such Default for a failure to deliver a report or required certificate in connection with the Initial Default will also be cured without any further action and (ii) any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "*—Certain Covenants—Reports*" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery of any such report, notice or certificate, even though such delivery is not within the prescribed period specified in the Indenture.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No manager, managing director, director, officer, employee, incorporator or holder of any equity interests in any of the Issuer, the Company, any Subsidiary or any direct or indirect parent of the Company, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under U.S. federal securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at its option, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Issuer's obligations with respect to the Notes concerning registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including the Issuer's obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment or, solely with respect to the Issuer, bankruptcy, receivership, rehabilitation and insolvency events) described under "—*Events of Default and Remedies*" will no longer constitute an Event of Default with respect to the Notes. If the Issuer exercises either its Legal Defeasance or Covenant Defeasance option, each Guarantor will be released and relieved of any obligations under its Note Guarantee.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Issuer must irrevocably deposit with the Trustee (or such other entity designated or appointed as agent by the Trustee for this purpose), for the benefit of the holders of the Notes, cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof (or in the case of Additional Notes not denominated in U.S. dollars, cash in the currency in which such Additional Notes are denominated, non-callable government obligations of such currency or a combination thereof), in amounts as will be sufficient to pay the principal of, or interest (including Additional Amounts) and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee an opinion of United States counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(5) the Issuer must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and

(6) the Issuer must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes and the Note Guarantees may be amended, supplemented or otherwise modified with the consent of the Issuer and the holders of a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided* that, if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, only the consent of a majority in aggregate principal amount of the then outstanding Notes of such series shall be required.

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes affected, or if any amendment, waiver or other modification will only amend, waive or modify one series of the Notes, without the consent of holders of at least 90% of the aggregate principal amount of the then outstanding Notes of such series (including, in each case, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of the Issuer and each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes, or if applicable, such series of Notes, held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption or repurchase of the Notes (other than (x) any change to the notice periods with respect to such redemptions and (y) provisions relating to the covenants described above under the caption "—*Repurchase at the Option of Holders*");

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (other than as permitted in clause (7) below);

(7) waive a redemption or repurchase payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "—*Repurchase at the Option of Holders*");

(8) modify or release any of the Note Guarantees in any material manner adverse to the holders of the Notes, other than in accordance with the terms of the Indenture;

(9) impair the right of any holder of Notes to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Note Guarantee in respect thereof;

(10) make any change to the ranking of the Notes or Note Guarantees, in each case in a manner that materially adversely affects the rights of the holders of the Notes; or

(11) make any change in the preceding amendment, supplement and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes or the Note Guarantees:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes, *provided* that such uncertificated notes are issued in registered form under Section 163(f)(5) of the Code;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a transaction described under "*—Certain Covenants—Merger, Consolidation or Sale of Assets*";

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Notes or the Note Guarantees to any provision of this "*Description of the Notes*" to the extent that such provision in this "*Description of the Notes*" was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Note Guarantees;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(7) (x) to allow any Guarantor to Guarantee the Notes or to evidence the release of Note Guarantees pursuant to the terms of the Indenture or (y) to add additional co-issuers of the Notes;

(8) to the extent necessary to provide for the granting of a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited under the Indenture;

(9) to evidence and provide for the acceptance and appointment of a successor trustee under the Indenture; or

(10) to make any amendment to the provisions of the Indenture relating to the transfer and legending of the Notes as permitted by the Indenture, including, without limitation, to facilitate the issuance and administration of the Notes; provided, however, that such amendment does not materially and adversely affect the rights of holders to transfer the Notes.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including opinions of counsel and Officer's Certificates.

For purposes of determining whether holders of the requisite aggregate principal amount of Notes of a series have taken any action under the Indenture, the aggregate principal amount of any series of Notes will be deemed to be the U.S. dollar-equivalent of the aggregate principal amount of such Notes as of (i) such date (if a record date has been set with respect to the taking of such action) or (ii) the date the taking of such action by holders of the requisite aggregate principal amount of such Notes has been certified to the Trustee by the Issuer (if no such record date has been set).

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

For the avoidance of doubt, no amendment to, or deletion of any of the covenants described under "*—Certain Covenants*," "*—Repurchase at the Option of Holders—Change of Control Triggering Event*" or action taken in compliance with the covenants in effect at the time of such action, shall be deemed to impair or affect any rights of any holder of Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Notwithstanding anything to the contrary in the paragraphs above, in order to effect an amendment authorized by clause (7) above to add a Guarantor under the Indenture, it shall only be necessary for the supplemental indenture providing for the accession of such additional Guarantor to be duly authorized and executed by (i) the Issuer, (ii) such additional Guarantor and (iii) the Trustee. Any other amendments permitted by the Indenture need only be duly authorized and executed by the Issuer and the Trustee.

Satisfaction and Discharge

The Indenture will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes, and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuer) have been delivered to the Paying Agent for cancellation; or (b) all Notes not previously delivered to the Paying Agent for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated

Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Paying Agent in the name, and at the expense, of the Issuer; (2) the Issuer has deposited or caused to be deposited with the Trustee (or another entity designated or appointed (as agent) by the Trustee for this purpose), with respect to the Notes, money in U.S. dollars or U.S. Government Obligations, or a combination thereof (or in the case of Additional Notes not denominated in U.S. dollars, cash in the currency in which such Additional Notes are denominated, non-callable government obligations of such currency or a combination thereof) in an amount sufficient to pay and discharge the entire Indebtedness on the Notes not previously delivered to the Paying Agent for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be, *provided* that upon any redemption that requires the payment of the Applicable Premium, the amount deposited shall be sufficient for purposes of the Indenture to the extent that an amount deposited with the Trustee equal to the Applicable Premium calculated as of the date of the notice of redemption, with any deficit only required to be deposited with the Trustee on or prior to the date of redemption, and any deficit shall be set forth in an Officer's Certificate delivered to the Trustee simultaneously with the deposit of such deficit that confirms that such deficit shall be applied toward such redemption; (3) the Issuer has paid or caused to be paid all other sums payable under the Indenture; (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and (5) the Issuer has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel (*provided* that such counsel may not be an employee of the Company or its Subsidiaries) each to the effect that all conditions precedent under the "*Satisfaction and Discharge*" section of the Indenture relating to the satisfaction and discharge of the Indenture have been complied with; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)). If requested in writing by the Issuer to the Trustee and Principal Paying Agent (which request may be included in the applicable notice of redemption or pursuant to the above referenced Officer's Certificate), the Trustee shall distribute any amounts deposited to the Holders prior to Stated Maturity or the redemption date, as the case may be. For the avoidance of doubt, the distribution and payment to holders prior to the maturity or redemption date as set forth above shall not include any negative interest, present value adjustment, break cost or any additional premium on such amounts. To the extent the Notes are represented by a global note deposited with a depositary for a clearing system, any payment to the beneficial holders holding interests as a participant of such clearing system shall be subject to the then applicable procedures of the clearing system.

Listing

Application will be made to list the Notes on the Official List of the Exchange and for permission to be granted to deal in the Notes on the Official List of the Exchange. There can be no assurance that the application to list the Notes on the Official List of the Exchange or that permission to deal in the Notes thereon will be granted, and settlement of the Notes is not conditioned on obtaining this listing or permission.

Judgment Currency

Any payment on account of an amount that is payable in U.S. dollars, as the case may be (the "Required Currency"), which is made to or for the account of any holder or the Trustee in lawful currency of any other jurisdiction (the "Judgment Currency"), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or any Guarantor, shall constitute a discharge of the Issuer's or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of Required Currency with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Issuer and the Guarantors shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Issuer shall deliver written notice to the Trustee within 30 days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture will limit the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; *however*, if it has actual knowledge that it has acquired any conflicting interest, it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. In case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its rights or powers, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee (and if requested, provided) security and/or indemnity satisfactory to it against any loss, liability or expense.

The Issuer and the Guarantors jointly and severally will indemnify the Trustee for certain claims, liabilities and expenses incurred without gross negligence, fraud or willful misconduct on its part, arising out of or in connection with its duties.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture without charge by writing to the Issuer, Calle 77A #11-32, Bogotá, Colombia.

So long as the Notes are listed on the Official List of the Exchange and the rules of the Authority shall so require, copies of the annual audited consolidated financial statements and unaudited consolidated interim financial statements for periods subsequent to the Issue Date may be obtained, free of charge, during normal business hours at the offices of the Paying Agent.

Consent to Jurisdiction and Service of Process

The Indenture will provide that each of the Issuer and the Guarantors will appoint an agent for service of process (which may be a Subsidiary or Affiliate of the Company) in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any competent U.S. federal or New York state court located in the City of New York and will submit to non-exclusive jurisdiction of any such court.

Enforceability of Judgments

Since substantially all of the assets of the Issuer and the Guarantors are located outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor may not be collectable within the United States. See "*Service of Process and Enforcement of Civil Liabilities*."

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will not be permitted ten (10) years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will not be permitted six (6) years after the applicable due date for payment of interest.

Governing Law

The Indenture and the Notes, and the rights and duties of the parties thereunder, shall be governed by and construed in accordance with the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Acquisition*" means the acquisition of the SierraCol business by Carlyle pursuant to the Acquisition Agreement.

"*Acquisition Agreement*" means the Sale and Purchase Agreement, dated as of October 1, 2020, among Oxy Colombia Holdings, LLC, Occidental International Holdings Ltd., Occidental International Exploration and Production Company and the Company (formerly Flamingo Bidco Limited), pursuant to which Carlyle consummated the Acquisition.

"*Additional Assets*" means:

(1) any property or assets used or useful in the Oil and Gas Business;

(2) the Capital Stock of a Person that becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or any of its Restricted Subsidiaries; or

(3) Capital Stock constituting a Minority Interest in any Person that at such time is a Restricted Subsidiary;

provided, however, that any such Restricted Subsidiary described in clause (2) or (3) is primarily engaged in the Oil and Gas Business.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Applicable Premium*" means, with respect to any Note at any time, the greater of (a) 1.0% of the principal amount of such Note and (b) the excess of:

(1) the present value at such time of (i) the redemption price of the Note on June 15, 2024 (such redemption price being set forth in the table appearing under the caption "*—Optional Redemption*"), plus (ii) all required interest payments due on the Note through June 15, 2024 (excluding accrued but unpaid interest to the redemption date) discounted back to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the Treasury Rate as of such time plus 50 basis points; over

(2) the then outstanding principal amount of the Note,

as calculated by the Issuer or on behalf of the Issuer by such Person as the Issuer may engage. For the avoidance of doubt, the calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Paying Agent, the Registrar or the Transfer Agent.

"*Arauca Agreement*" means the Amended and Restated Limited Liability Company Agreement dated as of December 31, 2010, among SierraCol Energy Holder, Ltd., Repsol International Finance, B.V. and SierraCol Arauca, LLC (formerly Occidental de Colombia, LLC), as amended, restated or otherwise modified or varied from time to time.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights (including by way of a Production Payment but excluding an operating lease entered into in the ordinary course of the Oil and Gas Business); *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of

the Indenture described above under the caption "*—Repurchase at the Option of Holders—Change of Control Triggering Event*" and/or the provisions described above under the caption "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" and not by the provisions described under the caption "*—Repurchase at the Option of Holders—Asset Sales*"; and

(2) the issuance of Equity Interests in any of the Company's Restricted Subsidiaries or the sale by the Company or its Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value less than the greater of (a) $30.0 million and (b) 3.0% Consolidated Total Assets;

(2) a transfer or other disposition of assets or Equity Interests between or among the Company and/or its Restricted Subsidiaries;

(3) an issuance or sale of Equity Interests by a Restricted Subsidiary of the Company to the Company or to a Restricted Subsidiary of the Company;

(4) the sale, lease or other disposition of products, services, Hydrocarbons or mineral products inventory or accounts receivable or other assets in the ordinary course of business;

(5) the abandonment, farm-out, transfer in exchange for carry, lease or sublease of any oil and gas properties or the forfeiture or other disposition of such properties, in each case in the ordinary course of business;

(6) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(7) any sale or other disposition of damaged, unserviceable, worn-out or obsolete assets in the ordinary course of business;

(8) the sale or other disposition of cash or Cash Equivalents or other financial assets in the ordinary course of business;

(9) for purposes of the covenant described above under the heading "*—Repurchase at the Option of Holders—Asset Sales*" only, the making of a Permitted Investment or a disposition subject to the covenant described above under the caption "*—Certain Covenants—Restricted Payments*";

(10) the sale or other disposition (whether or not in the ordinary course of business) of crude oil and natural gas properties (for the avoidance of doubt, whether by direct sale or disposition or through a sale or disposition of shares); *provided* that at the time of such sale or other disposition such properties do not have associated with them any proved reserves;

(11) any Asset Swap;

(12) granting of Liens not prohibited by the covenant described under the caption "*—Certain Covenants—Liens*";

(13) the licensing or sublicensing of intellectual property, including, without limitation, licenses for seismic data or other general intangibles and licenses, leases or subleases of other property, in the ordinary course of business and which do not materially interfere with the business of the Company and its Restricted Subsidiaries taken as a whole;

(14) a surrender or waiver of contract rights, oil and gas leases or the settlement, release or surrender of contract, tort or other claims of any kind;

(15) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and inclusive of factoring or similar arrangements;

(16) any sale or other disposition of any oil and gas properties or interests therein to any governmental authority that is (i) a result of a relinquishment to, or a compulsory or involuntary acquisition by, such authority or (ii) made in connection with acquiring, renewing or retaining, as applicable, any other oil and gas properties or interests awarded by such governmental authority; *provided* that any cash or Cash Equivalents received in connection with any such sale or other disposition must be applied in accordance with the covenant described under "*—Repurchase at the Option of Holders—Asset Sales*";

(17) foreclosure, condemnation or any similar action with respect to any property or other assets;

(18) any Production Payments and Reserve Sales; *provided* that any such Production Payments and Reserve Sales, other than incentive compensation programs on terms that are reasonably customary or shall become customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Company or a Restricted Subsidiary, shall have been created, incurred, issued, assumed or Guaranteed in connection with the financing of, and within 60 days after the acquisition of, the property that is subject thereto; and

(19) any sale, distribution or other disposition of the Teca Assets held by the Company or any Restricted Subsidiary of the Company.

"*Asset Swap*" means any substantially contemporaneous (and in any event occurring within 180 days of each other) purchase and sale or exchange (including, without limitation, by way of any farm-out, farm-in, lease, sublease or any other contractual transfer of rights) of any assets or properties or interests therein (including, for the avoidance of doubt, Capital Stock in companies owning such assets or properties or interests therein or otherwise primarily engaged, directly or indirectly, in the Oil and Gas Business) used or useful in the Oil and Gas Business between the Company or any of its Restricted Subsidiaries and another Person; *provided* that the Fair Market Value of the properties or assets or interests therein traded or exchanged (including, without limitation, by way of any farm-out, farm-in, lease, sublease or any other contractual transfer of rights) by the Company or such Restricted Subsidiary (together with any cash) is reasonably equivalent (as determined in good faith by a responsible accounting or financial officer of the Company) to the Fair Market Value of the properties or assets or interests therein (including, without limitation, by way of any farm-out, farm-in, lease, sublease or any other contractual transfer of rights) (together with any cash) to be received by the Company or such Restricted Subsidiary, and *provided further* that any net cash received must be applied in accordance with the provisions described above under the caption "*—Repurchase at the Option of Holders—Asset Sales*" if then in effect.

"*beneficial owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, other than securities that such "person" has the right to acquire or vote only upon the happening of any future event or contingency (including the passage of time) that has not yet occurred. The terms "Beneficial Ownership," "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means each day that is not a Saturday, Sunday or other day on which banking institutions in London, New York, Bogotá or another place of payment under the Indenture are authorized or required by law to close.

"*Calculation Date*" has the meaning given in the definition of "Fixed Charge Coverage Ratio."

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a financing lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with IFRS, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty; *provided* that in no event shall an operating lease or a lease that would have been an operating lease prior to the adoption of IFRS 16 be considered a Capital Lease Obligation.

"*Capital Stock*" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or, membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person,

but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Carlyle Group*" means the group of affiliated entities doing business as The Carlyle Group, including any entity ultimately owned or controlled by The Carlyle Group Inc. or any fund entity managed or advised (directly or indirectly) by Carlyle Investment Management L.L.C, or any of its Affiliates.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully guaranteed or insured by the government of the United States of America, a member state of the European Union or the United Kingdom, Switzerland, Norway, Canada, Australia, Japan, Bermuda, Panama, the Cayman Islands or Colombia (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the United States, the relevant member state of the European Union or the United Kingdom, Switzerland, Norway, Canada, Australia, Japan, Bermuda, Panama, the Cayman Islands or Colombia, as the case may be, having maturities of not more than fifteen months from the date of acquisition, the long-term debt of which is rated at the time of acquisition thereof is at least "BBB" or the equivalent thereof by S&P, or "Baa2" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency;

(2) certificates of deposit, time deposits, eurodollar time deposits, money market deposits, overnight bank deposits or bankers' acceptances (and similar instruments) having maturities of not more than fifteen months from the date of acquisition thereof issued by any commercial bank, the long-term debt of which is rated at the time of acquisition thereof at least "BBB" or the equivalent thereof by S&P, or "Baa2" or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency, and having combined capital and surplus in excess of $250.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's, or carrying an equivalent rating by an internationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of investments, and in any case maturing within one year after the date of acquisition thereof;

(5) in the case of any Restricted Subsidiary of the Company located outside the United States, Canada, the United Kingdom and the European Union, any substantially similar investment to the kinds described in clauses (2) and (3) of this definition obtained in the ordinary course of business and (i) with the highest ranking obtainable in the applicable jurisdiction, (ii) with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long-term debt, among the top five banks in such jurisdiction;

(6) bills of exchange issued in the United States, Canada, a member state of the European Union or the United Kingdom, Switzerland, Norway, Canada, Australia, Japan, Bermuda, Panama, the Cayman Islands or Colombia eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) interests in any investment company or money market fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (4) above.

"*Change of Control*" means the occurrence of any of the following:

(1) the Issuer becoming aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) that any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; *provided* that for the purposes of this clause, no Change of Control shall be deemed to occur by reason of the Company becoming a Wholly-Owned Subsidiary of a Successor Parent (subject to any directors' qualifying shares, shares required by any applicable law or regulation to be held by a person other than the Company or another Wholly-Owned Subsidiary that are held by a Person other than such Successor Parent, and any shares held by a Permitted Holder as of the Issue Date);

(2) the sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d) of the U.S. Exchange Act) other than one or more Permitted Holders; or

(3) the first day on which the Company shall fail to directly or indirectly own 100% of the issued and outstanding Voting Stock and Capital Stock of the Issuer (unless the Issuer merges with the Company or the Company becomes the Issuer in accordance with "*—Certain Covenants—Merger, Consolidation or Sale of Assets*").

Notwithstanding the foregoing, (a) a transaction will not be deemed to involve a Change of Control solely as a result of the Company becoming a direct or indirect Wholly-Owned Subsidiary of a parent company if (1) the direct or indirect holders of the Voting Stock of such parent company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction or (2) immediately following that transaction no Person (other than a parent company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such parent company, (b) the right to acquire Voting Stock (so long as such Person does not have the right to direct the voting of the Voting Stock subject to such right) will not cause a party to be a beneficial owner, (c) any Voting Stock beneficially owned by any Permitted Holder shall not be included in any Voting Stock of which any other person or group is the beneficial owner so long as such other person or group does not have greater voting power with respect to such Permitted Holder's Voting Stock and (d) the transfer of assets between or among the Company and any Restricted Subsidiaries shall not itself constitute a Change of Control.

"*Change of Control Triggering Event*" means the occurrence of a Change of Control immediately after the completion of which the Consolidated Net Leverage Ratio of the Company (calculated in accordance with "—*Financial Calculations*") is greater than 2.75 to 1.00.

"*Clearstream*" means Clearstream Banking S.A. and its successors.

"*COG Acquisition*" means the acquisition of COG Energy Ltd. and its subsidiaries by the Company, which was consummated on May 4, 2021.

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus* the following, without duplication:

(1) an amount equal to any extraordinary loss *plus* any net loss realized by such Person or any of its Restricted Subsidiaries in connection with a sale of assets (together with any related provision for taxes and any related non-recurring charges relating to any premium or penalty paid, write-off of deferred financing costs or other financial recapitalization charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity) to the extent deducted in calculating such Consolidated Net Income; *plus*

(2) taxes based on income or profits of such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(4) depreciation, depletion, amortization (including, without limitation, amortization of intangibles and deferred financing fees but excluding amortization of prepaid cash expenses that were paid in a prior period), impairment and other non-cash charges and expenses (including, without limitation, write downs and

impairment of property, plant, equipment and intangible and other long lived assets and the impact of purchase accounting on the Company and its Restricted Subsidiaries for such period), of such Person and its Restricted Subsidiaries (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) for such period to the extent deducted in calculating such Consolidated Net Income; *plus*

(5) any expenses, charges or other costs related to the issuance of any Capital Stock, any Permitted Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business and any expenses, charges or other costs related to deferred or contingent payments), disposition, recapitalization, listing of Capital Stock or the incurrence of Indebtedness permitted to be incurred under the covenant described above under the caption "—*Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" (including any refinancing thereof) whether or not successful, including (i) such fees, expenses or charges related to any incurrence of Indebtedness or issuance of Disqualified Stock or preferred stock; (ii) such fees, expenses or charges related to the Acquisition, the COG Acquisition or the Transactions; and (iii) such fees, expenses or charges related to any amendment or other modification of any incurrence, in each case to the extent deducted in calculating such Consolidated Net Income; *plus*

(6) any foreign currency translation losses (including losses related to currency remeasurements of Indebtedness); *plus*

(7) (i) the amount of any minority interest expense (whether paid or not) consisting of subsidiary income attributable to Minority Interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties and (ii) to the extent not already included in calculating such Consolidated Net Income, and without duplication of amounts, 100% of the Consolidated Cash Flow of any majority-owned Restricted Subsidiary or joint venture, including SierraCol Arauca; *plus*

(8) [reserved]; *plus*

(9) the proceeds of any business interruption insurance received or that become receivable during such period to the extent the associated losses arising out of the event that resulted in the payment of such business interruption insurance proceeds were included in computing Consolidated Net Income; *plus*

(10) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by the covenant described under "—*Certain Covenants—Limitation on Affiliate Transactions*"; *plus*

(11) any income or charge attributable to a post-employment benefit scheme other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *plus*

(12) an amount equal to the amount of any reduction in the Consolidated Net Income from operations of the Company or any of its Restricted Subsidiaries as a result of a revaluation or recognition of assets and liabilities of the Company or any of its Restricted Subsidiaries; *plus*

(13) payments received or that become receivable with respect to expenses that are covered by the indemnification provisions in any agreement entered into by such Person in connection with an acquisition to the extent such expenses were included in computing Consolidated Net Income; *plus*

(14) all non-cash losses, charges and expenses, including any write-offs or write-downs; *provided* that if any such non-cash loss, charge or expense represents an accrual or reserve for potential cash items in any future four-fiscal quarter period, (i) such Person may determine not to add back such non-cash loss, charge or expense in the period for which Consolidated Cash Flow is being calculated and (ii) to the extent such Person does decide to add back such non-cash loss, charge or expense, the cash payment in respect thereof in such future four-fiscal quarter period will be subtracted from Consolidated Cash Flow for such future four-fiscal quarter period; and *minus*

(15) the sum of (a) the amount of deferred revenues that are amortized during such period and are attributable to reserves that are subject to Volumetric Production Payments and (b) amounts recorded in accordance with IFRS as repayments of principal and interest pursuant to Dollar-Denominated Production Payments,

in each case, on a consolidated basis and determined in accordance with IFRS.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with IFRS; *provided* that:

(1) subject to the limitations contained in clause (2) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Issuer's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or could have been distributed, as reasonably determined by an Officer (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under clause (3)(a) of the first paragraph under the caption "*—Certain Covenants—Restricted Payments*," any net income (but not loss) of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to such Person (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes (including Additional Notes), the Note Guarantees or the Indenture, (c) contractual restrictions in effect on the Issue Date with respect to the Restricted Subsidiary and other restrictions with respect to such Restricted Subsidiary that taken as a whole, are not materially less favorable to the holders of the Notes than such restrictions in effect on the Issue Date and (d) any restriction listed under clauses (1), (3), (4), (8), (10), (11) or (14) of the second paragraph of the covenant described above under the caption "*—Certain Covenants—Dividend and Other Payment Restrictions Affecting Subsidiaries*") except that such Person's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to such Person or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) income resulting from transfers of assets (other than cash) between such Person or any of its Restricted Subsidiaries, on the one hand, and an Unrestricted Subsidiary, on the other hand, will be excluded;

(5) any gain (loss) realized upon the sale or other disposition of any property, plant or equipment of such Person or its consolidated Restricted Subsidiaries (including pursuant to any sale or leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by a responsible accounting or financial officer of such Person) and any gain (loss) realized upon the sale or other disposition of any Capital Stock of any Person will be excluded;

(6) any "ceiling limitation" or other asset impairment, write-offs or write-downs on oil and gas properties and ancillary assets will be excluded;

(7) the impact of capitalized, accrued or accreting or pay-in-kind interest or accreting principal on Subordinated Shareholder Debt will be excluded;

(8) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness or Hedging Obligations and any net gain (loss) from any write-off or forgiveness of Indebtedness will be excluded;

(9) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(10) any non-cash compensation charge or expense arising from any grant of stock, stock option or other equity-based award will be excluded;

(11) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses resulting from remeasuring assets and liabilities denominated in foreign currencies will be excluded;

(12) to the extent deducted in the calculation of net income, any non-cash or non-recurring charges associated with any premium or penalty paid, write-off of deferred financing costs or other financial recapitalization charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity will be excluded;

(13) (a) any one-time non-cash charges or any amortization or depreciation, in each case to the extent related to the Transactions, the Acquisition, the COG Acquisition or any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries and (b) any Contingent Acquisition Agreement Payment, in each case will be excluded;

(14) any goodwill or other intangible asset amortization charge, impairment charge or write-off or write-down will be excluded;

(15) (a) any extraordinary, exceptional, unusual or non-recurring losses or charges, (b) any asset impairment charges or the financial impacts of natural disasters (including fire, flood and storm and related events) or (c) any charges, provisions or reserves in respect of any restructurings, redundancy, integration or severance, or other post-employment arrangements, signing, retention or completion bonuses, transaction costs, acquisition costs, business optimization initiatives, system establishment, software or information technology implementation or development, costs related to governmental investigations and curtailments or modifications to pension or post-retirement benefits schemes, litigation or any asset impairment charges, in each case will be excluded;

(16) any consolidated exploration and abandonment costs, expenses (including capitalized expenses)and write-offs of the Company and its Restricted Subsidiaries will be excluded; and

(17) without duplication of amounts, the Consolidated Net Income of any majority-owned Restricted Subsidiary or joint venture, including SierraCol Arauca, will be included.

"*Consolidated Net Leverage*" means, as of any date of determination, with respect to any specified Person, the total amount of Indebtedness in respect of borrowed money of such Person and its Restricted Subsidiaries on a consolidated basis (excluding, for the avoidance of doubt, Hedging Obligations and letters of credit), *less* cash and Cash Equivalents of such specified Person and its Restricted Subsidiaries on that date of determination.

"*Consolidated Net Leverage Ratio*" means, as of any date of determination, with respect to any specified Person, the ratio of (a) the Consolidated Net Leverage of such Person on such date to (b) the Consolidated Cash Flow of the Person for the four most recent fiscal quarters ending immediately prior to such date for which internal financial statements are available. For purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period, and on or prior to the date of determination, or that are to be made on the date of determination, will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the date of determination (including transactions giving rise to the need to calculate such Consolidated Net Leverage Ratio) will be excluded;

(3) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such four-quarter reference period;

(4) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter reference period; and

(5) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in the Issuer's functional currency, that Indebtedness for purposes of the calculation of such Consolidated Net Leverage Ratio shall be determined in accordance with IFRS.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculation shall be determined in good faith by a responsible accounting or financial officer of the Company and may include Pro Forma Cost Savings. In determining the amount of Indebtedness in respect of borrowed money outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness in respect of borrowed money on such date. Any undrawn amounts under revolving credit Indebtedness shall be deemed not to be outstanding.

"*Consolidated Senior Secured Net Leverage*" means, as of any date of determination, with respect to any specified Person, the total amount of Indebtedness in respect of borrowed money of such Person and its Restricted Subsidiaries on a consolidated basis (excluding Hedging Obligations and excluding letters of credit), in each case that is secured by a Lien, *less* cash and Cash Equivalents of such specified Person and its Restricted Subsidiaries on that date of determination.

"*Consolidated Senior Secured Net Leverage Ratio*" means as of any date of determination, with respect to any specified Person, the ratio of (a) the Consolidated Senior Secured Net Leverage of such Person on such date to (b) the Consolidated Cash Flow of the Person for the four most recent fiscal quarters ending immediately prior to such date for which internal financial statements are available. For purposes of calculating the Consolidated Cash Flow for such period:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period, and on or prior to the date of determination, or that are to be made on the date of determination, will be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of on or prior to the date of determination (including transactions giving rise to the need to calculate such Consolidated Senior Secured Net Leverage Ratio) will be excluded;

(3) any Person that is a Restricted Subsidiary on the date of determination will be deemed to have been a Restricted Subsidiary at all times during such four-quarter reference period;

(4) any Person that is not a Restricted Subsidiary on the date of determination will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter reference period; and

(5) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Interest Rate Agreement applicable to such Indebtedness), and if any Indebtedness is not denominated in such Person's functional currency, that Indebtedness for purposes of the calculation of such Consolidated Senior Secured Net Leverage Ratio shall be determined in accordance with IFRS.

For purposes of this definition, whenever *pro forma* effect is to be given to a transaction, the *pro forma* calculation shall be determined in good faith by a responsible accounting or financial officer of the Company and may include Pro Forma Cost Savings. In determining the amount of Indebtedness in respect of borrowed money outstanding on any date of determination, *pro forma* effect will be given to any incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Indebtedness in respect of borrowed money on such date. Any undrawn amounts under revolving credit Indebtedness shall be deemed not to be outstanding.

"*Consolidated Total Assets*" means the total assets of the Company and its Restricted Subsidiaries on a consolidated basis, as shown on the most recent consolidated balance sheet of the Company, in each case, prepared in accordance with IFRS, as adjusted to give *pro forma* effect to acquisitions and dispositions made prior to or that are made on the date of determination; *provided* that to the extent a consolidated balance sheet of the Company is not available as of such date of determination, the amount of Consolidated Total Assets shall be determined in good faith by a responsible accounting or financial officer of the Company.

"*Contingent Acquisition Agreement Payment*" means any payment of Contingent Consideration (as defined in the Acquisition Agreement).

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person Guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof; or

(4) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions, or similar claims, obligations or contributions or social security or wage taxes.

"*continuing*" means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

"*Credit Facilities*" means one or more debt facilities, capital markets indentures, instruments or arrangements incurred by the Company, any Restricted Subsidiary or any Finance Subsidiary (including the Revolving Credit Facility or commercial paper facilities and overdraft facilities) with banks, funds or other institutions or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables) or letters of credit, notes or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks, funds, institutions or investors and whether provided under the Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any promissory notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

"*Currency Exchange Protection Agreement*" means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-Cash Consideration" by the Company or such Restricted Subsidiary (determined in good faith by a responsible accounting or financial officer of the Company), *less* the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature; *provided* that only the portion of Capital Stock which so matures or is mandatorily redeemable, or is so redeemable at the option of the holder thereof prior to such date, will be deemed to be Disqualified Stock. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer to repurchase or redeem such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*—Certain Covenants—Restricted Payments*." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Dollar-Denominated Production Payments*" means production payment obligations recorded as liabilities in accordance with IFRS, together with all undertakings and obligations in connection therewith.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means (i) a public or private sale of Capital Stock (other than to the Company or any of its Subsidiaries) (1) that is a sale of Capital Stock of the Company, a Restricted Subsidiary or a Parent Holdco (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (2) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company or any of its Restricted Subsidiaries and (ii) any SPAC IPO.

"*Euroclear*" means Euroclear Bank SA/NV and its successors, as operator of the Euroclear System.

"*European Union*" means all members of the European Union as of the Issue Date.

"*Excluded Contribution*" means net cash proceeds or property or assets received by the Company after the Issue Date as capital contributions to the equity (other than through the issuance of Disqualified Stock or through Excluded Amounts) of the Company or from the issuance or sale (other than to a Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or through Excluded Amounts) of the Company or Subordinated Shareholder Debt of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Existing Indebtedness*" means Indebtedness of the Company and its Restricted Subsidiaries (other than Indebtedness under the Revolving Credit Facility) in existence on the date of the Indenture.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, as determined in good faith by a responsible accounting or financial officer of the Company.

"*Finance Subsidiary*" means a Wholly-Owned Subsidiary of the Company or a Guarantor that is formed for the purpose of borrowing funds or issuing securities and lending the proceeds to the Issuer or a Guarantor and that conducts no business other than as may be reasonably incidental to, or related to, the foregoing.

"*Fitch*" means Fitch Ratings, Inc. or any successor to its ratings business.

"*Fixed Charge Coverage Ratio*" means, with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary course working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company) to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period and will also include cost savings reasonably anticipated by management to occur from programs initiated during the relevant period as though the full run-rate effect of such cost savings were realized on the first day of the relevant period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date (and, for the avoidance of doubt, not reclassified on such Calculation Date) pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*" or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the application of the proceeds of any Indebtedness incurred pursuant to the provisions described in the second paragraph under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*."

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets), or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date or that are to be made on the Calculation Date, will be given *pro forma* effect (including Pro Forma Cost Savings) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with IFRS, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter reference period; and

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter reference period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (excluding any interest attributable to Dollar-Denominated Production Payments but including, without limitation, amortization of discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments and excluding such interest on Subordinated Shareholder Debt), the interest component of any deferred payment obligations (but not with respect to decommissioning obligations), the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings), and net of the effect of all payments made or received pursuant to Hedging Obligations (excluding amortization of fees) in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (but excluding such interest on Subordinated Shareholder Debt); *plus*

(3) any interest on Indebtedness of another Person that is secured by a Lien on assets of such Person or one of its Restricted Subsidiaries; to the extent paid in cash by such Person or any of its Restricted Subsidiaries; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or any series of preferred stock of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of such Person (other than Disqualified Stock) or to the Person or a Restricted Subsidiary of such Person, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current statutory tax rate of such Person, expressed as a decimal.

"*GAAP*" means generally accepted accounting principles in the United States of America as in effect from time to time, including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession (but excluding the policies, rules and regulations of the SEC applicable only to public companies).

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to maintain financial statement conditions or otherwise), or entered into for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided, however*, that the term "Guarantee" will not include the endorsements for collection or deposit in the ordinary course of business or any obligation to the extent it is payable only in Capital Stock of the guarantor that is not Disqualified Stock. The term "Guarantee" used as a verb has a corresponding meaning.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements, other agreements or arrangements designed to manage interest rates or interest rate risk;

(2) any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates;

(3) any forward contract, commodity futures contract, commodity option agreement, commodity swap agreement, cap, floor, ceiling or collar agreement or other similar agreement or arrangement designed to protect against fluctuations in the price of commodities used, produced, processed or sold by that Person or any of its Restricted Subsidiaries at the time; and

(4) other agreements or arrangements designed to protect such Person against fluctuations in interest rates, commodity prices or currency exchange rates, including Currency Exchange Protection Agreements.

"*Hydrocarbons*" means oil, gas, casing head gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"*IFRS*" means International Financial Reporting Standards issued by the International Accounting Standards Board and its predecessors (the "IASB") as endorsed by Colombia (or, at the option of Company, as issued by the IASB or as endorsed by the United Kingdom or the European Union) and in effect on the Issue Date, or, solely with respect to the covenant described under the heading "*—Certain Covenants—Reports*," as in effect from time to time, *provided* that at any date after the Issue Date, the Company may make an irrevocable election (i) to establish that "IFRS" shall mean IFRS as in effect on a date that is on or prior to the date of such election (except with respect to the covenant described under the caption "*Reports*" which shall mean IFRS as in effect from time to time) and (ii) to use GAAP in lieu of IFRS for financial reporting purposes and, upon any such notice, references herein to IFRS

shall thereafter be construed to mean (a) for periods beginning on and after the date specified in such notice, GAAP as in effect on the date specified in such notice and as in effect from time to time (for all other purposes of the Indenture) and (b) for prior periods, IFRS as otherwise defined in this definition (*provided* that in no event shall an operating lease or a lease that would have been an operating lease prior to the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842) be considered a Capitalized Lease Obligation). For the avoidance of doubt, the impact of IFRS 16 Leases and any successor standard thereto shall be disregarded with respect to all ratios, calculations and determinations based upon IFRS to be calculated or made, as the case may be, pursuant to the Indenture and (without limitation) any lease, concession or license of property that would be considered an operating lease under IFRS prior to the adoption of IFRS 16 and any guarantee given by the Company or any Restricted Subsidiary in the ordinary course of business solely in connection with, and in respect of, the obligations of the Company or any Restricted Subsidiary under any such operating lease shall be accounted for in accordance with IFRS prior to the adoption of IFRS 16.

"*Incremental Amount*" means $50.0 million.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of bankers' acceptances (or reimbursement obligations in respect thereof except to the extent any such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property due more than one year after such property is acquired;

(6) representing any Hedging Obligations;

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided, however,* that the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness of such other Persons; and

(8) the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person (including, with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment, but excluding other contractual obligations of such Person with respect to such Production Payment);

provided that the foregoing indebtedness (other than letters of credit and Hedging Obligations) shall be included in this definition of Indebtedness only if, and to the extent that, the indebtedness would appear as a liability upon a balance sheet of such Person prepared in accordance with IFRS; *provided* that, notwithstanding any consolidation under IFRS, the preceding items shall not constitute "Indebtedness" for purposes hereof if (i) such Indebtedness is incurred by an orphan vehicle whose shares are not owned by such specified Person or any of its Subsidiaries and (ii) such Indebtedness is neither guaranteed by, nor secured by the assets of, such specified Person or any of its Subsidiaries. Notwithstanding the foregoing, indebtedness shall be included in the definition of Indebtedness after deducting any receivable due from another Person (other than the specified Person and its Restricted Subsidiaries) who has an interest in an asset financed with such indebtedness to the specified Person or any Restricted Subsidiary in respect of such other Person's interest in the relevant asset. Subject to clause (8) of the preceding sentence, neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness.

The term "Indebtedness" shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property which would be considered an operating lease under IFRS prior to the adoption of IFRS 16;

(3) for the avoidance of doubt, Contingent Obligations;

(4) any obligation of a Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or gas property;

(5) in-kind obligations relating to net oil or natural gas balancing positions arising in the ordinary course of business;

(6) any obligations related to prepayments arising in the ordinary course of business, including accelerated payments under any offtake or similar agreements;

(7) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business or other contingencies after the closing (including, for the avoidance of doubt, the Contingent Acquisition Agreement Consideration); or

(8) any obligations under power purchase agreements.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third-party appraiser of international standing; *provided, however*, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means the Carlyle Group and/or its Affiliates (including, without limitation, subsidiaries and investors in those funds, vehicles, accounts or limited partnerships who are investors in such funds or partnerships) and any funds, vehicles, accounts or limited partnerships managed or advised by any of such Persons or any entity controlled by all or substantially all of the managing directors of such fund or such Persons from time to time, but excluding any controlled operating portfolio company of such Persons.

"*Initial Public Offering*" means (i) the first Public Equity Offering of common stock or common equity interests of the Company or any Parent Holdco (the "IPO Entity") or (ii) a SPAC IPO, in each case following which there is a Public Market.

"*Investment Grade Status*" shall occur when the Notes are rated as follows by two of the following three Rating Agencies: Baa3 or better by Moody's, BBB– or better by S&P and/or BBB– or better by Fitch (or, if any such entity ceases to rate the Notes, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization," as that term is defined for purposes of Section 3(a)(62) of the U.S. Exchange Act, selected by the Issuer as a replacement agency).

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding endorsements of negotiable instruments and documents in the ordinary course of business, and commission, travel and similar advances to officers, employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with IFRS. If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the fourth to last paragraph of the covenant described above under the caption "*—Certain Covenants—Restricted Payments*." The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the fourth to last paragraph of the covenant described above under the caption "*—Certain Covenants—Restricted Payments*." Except as otherwise provided in the Indenture, the

amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

"*IPO Entity*" has the meaning given in the definition of "Initial Public Offering."

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering or the SPAC IPO Entity at the time of the closing of the SPAC IPO, as applicable, multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering or SPAC IPO, as applicable.

"*Issue Date*" means June 22, 2021.

"*Issue Date Revolving Facility Amount*" means $80.0 million.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof.

"*Listing Authority*" means any nationally recognized listing authority in the United States, United Kingdom or a member state of the European Union.

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers or employees of any Company or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment, moving and housing-related and similar expenses incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Equity Interests or Subordinated Shareholder Debt (or similar obligations) of the Company, its Subsidiaries or any Parent Holdco with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office; or

(3) in the ordinary course of business and (in the case of this clause (3)) not exceeding the greater of (x) $10.0 million and (y) 1.0% of Consolidated Total Assets in the aggregate outstanding at any time.

"*Management Agreements*" means those certain services agreements or monitoring agreements between the Company or any of its Affiliates, on the one hand, and the Carlyle Group or any of its Affiliates, on the other hand, as in effect on the Issue Date, as the same may be amended, restated, modified or replaced, from time to time, to the extent such amendment, modification or replacement is not more disadvantageous to the holders of the Notes in any material respect than the applicable services agreement or monitoring agreement in effect on the Issue Date.

"*Management Investors*" means (1) current and former members of the management team, directors or employees of any Parent Holdco, the Company or any Restricted Subsidiary investing, or committing to invest, directly or indirectly, in any Parent Holdco, the Company or any Restricted Subsidiary as at the Issue Date or from time to time and (2) such entity or trust as may hold shares transferred by departing members of the management team, directors or employees of any Parent Holdco, the Company or any Restricted Subsidiary.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity or the SPAC IPO Entity, as applicable, on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*Minority Interest*" means the percentage interest represented by any shares of stock of any class of Capital Stock of a Restricted Subsidiary of the Company that are not owned by the Company or a Restricted Subsidiary of the Company.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to its ratings business.

"*Net Proceeds*" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other

disposition of any non-cash consideration or Cash Equivalents received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation:

(1) all legal, accounting, investment banking, commissions and other fees and expenses incurred, title and recording tax expenses, and all Taxes required to be paid or accrued as a liability under IFRS, as a consequence of such Asset Sale;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Sale, in accordance with the terms of any Lien upon such assets, or which must by its terms, or in order to obtain a necessary consent to such Asset Sale, or by applicable law be repaid out of the proceeds from such Asset Sale;

(3) all distributions and other payments required to be made to holders of Minority Interests in Subsidiaries or joint ventures as a result of such Asset Sale; and

(4) the deduction of appropriate amounts to be provided by the seller as a reserve, in accordance with IFRS, or held in escrow, in either case for adjustment in respect of the sale price or for any liabilities associated with the assets disposed of in such Asset Sale and retained by the Company or any Restricted Subsidiary after such Asset Sale.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders of the Indebtedness may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment of the Indebtedness to be accelerated or payable prior to its Stated Maturity; and

(3) the explicit terms of which provide there is no recourse to the stock or assets of the Company or any of its Restricted Subsidiaries, except as contemplated by clause (26) of the definition of Permitted Liens.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Issuer's Obligations under the Indenture and the Notes pursuant to the Indenture.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering*" refers to the offering of the Notes pursuant to this Offering Memorandum.

"*Offering Memorandum*" means this offering memorandum dated June 14, 2021.

"*officer*" means, with respect to any Person, (1) any member of the Board of Directors, the chief executive officer, the president, the chief financial officer, any vice president, the treasurer, any managing director, any responsible accounting or financial officer, the secretary or the equivalent position of any of the foregoing (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other Person that the Board of Directors of such Person shall designate for such purpose. The obligations of an "Officer of the Company" may be exercised by the Officer of any Restricted Subsidiary who has been delegated such authority by the Board of Directors of the Company.

"*Officer's Certificate*" means a certificate signed on behalf of any Person by one or more Officers of such Person or direct or indirect parent of such Person.

"*Oil and Gas Business*" means:

(1) the acquisition, exploration, exploitation, development, production, operation and disposition of interests in oil, natural gas, natural gas liquids, liquefied natural gas and other Hydrocarbon and mineral properties or products produced in association with the foregoing;

(2) the gathering, marketing, distributing, compressing, handling, developing, treating, refining, processing, storing, terminalling, selling and transporting of any production from oil, natural gas, natural gas liquids,

liquefied natural gas and other Hydrocarbon and mineral properties (whether or not such properties are owned by the Company and/or its Subsidiaries) and products produced in association therewith, the construction or contracting with third parties for the construction of infrastructure in support of the same and the marketing of oil, natural gas, other Hydrocarbons and minerals obtained from unrelated Persons;

(3) any other related energy business, including, without limitation, (i) power generation and electrical transmission business, from oil, natural gas, other Hydrocarbons and minerals, solar, wind and other clean energy sources, produced substantially from properties in which the Company or its Restricted Subsidiaries, directly or indirectly, participates, (ii) the purchase and sale of carbon credits, offsets and renewable energy certificates and (iii) providing or sourcing front end studies or other engineering solutions, subsea production equipment or offshore field design for oil and gas companies;

(4) any business relating to oil and gas field seismic mapping, sales, service provision and technology development; and

(5) any business or activity relating to, arising from, or necessary, appropriate or incidental to the activities described in clauses (1), (2), (3) or (4) of this definition.

"*Parent Holdco*" means any Person of which the Company at any time is or becomes a Subsidiary after the Issue Date and any holding companies established by any Permitted Holders for purposes of holding its investment in any Parent Holdco.

"*Permitted Business Investments*" means Investments and/or expenditures made in the ordinary course of, and of a nature that is or shall become customary in, or is ancillary or appropriate to the conduct of, the Oil and Gas Business, as a means of actively exploiting, exploring for, acquiring, developing, producing, processing, gathering, marketing, distributing, storing or transporting oil, natural gas or other Hydrocarbons and minerals (including with respect to plugging, abandonment and decommissioning), or in constructing or contracting with third parties for the construction of infrastructure in support of the same, through agreements, transactions, interests or arrangements that permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of the Oil and Gas Business jointly with third parties, including without limitation:

(1) direct or indirect ownership of crude oil, natural gas, other Hydrocarbon and minerals properties, liquefied natural gas facilities, processing facilities, gathering systems, pipelines, storage facilities or related systems or ancillary real property interests;

(2) Investments in the form of or pursuant to operating agreements, joint ventures, processing agreements, farm-in agreements, farm-out agreements, development agreements, production sharing agreements, area of mutual interest agreements, unitization agreement, contracts for the sale, transportation or exchange of crude oil and natural gas and other Hydrocarbons and minerals, participation agreements, unitization agreements, pooling arrangements, joint bidding agreements, service contracts, partnership agreements (whether general or limited), subscription agreements, stock purchase agreements, stockholder agreements and other similar agreements (including for limited liability companies) or other similar or customary agreements, in each case made or entered into with third parties; and

(3) direct or indirect ownership interests in drilling rigs, drill ships, jack-up rigs or tender rigs or other drilling vessels and common processing facilities and in each case related equipment, including, without limitation, transportation equipment.

"*Permitted Holder*" means, collectively, (1) the Initial Investors; (2) the Management Investors; (3) any Related Person of any Persons specified in clauses (1) and (2); (4) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent Holdco, the Company or any Restricted Subsidiary, acting in such capacity; and (5) any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing or any Persons mentioned in the following sentence are members; *provided* that, in the case of such group described in clause (5), and without giving effect to the existence of such group or any other group, the Initial Investors and Management Investors and such Persons referred to in the following sentence, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company or any Parent Holdco owned by such group. Any person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture or in respect of which no Change of Control

Offer is required to be made in accordance with the requirements of the Indenture, will, in each case, thereafter, together with its Affiliates, constitute an additional Permitted Holder.

"*Permitted Investments*" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in any Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "—Repurchase at the Option of Holders—Asset Sales";

(5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;

(7) Investments represented by Hedging Obligations;

(8) receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however,* that such trade terms may include such concessionary trade terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(9) surety and performance bonds and workers' compensation, utility, lease, tax, performance and similar deposits and prepaid expenses in the ordinary course of business;

(10) Guarantees of Indebtedness not prohibited by the covenant described under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(11) guarantees by the Company or any of its Restricted Subsidiaries of operating leases (other than Capital Lease Obligations) or of other obligations that do not constitute Indebtedness, in each case entered into by the Company or any Restricted Subsidiary in the ordinary course of business;

(12) Investments of a Restricted Subsidiary acquired after the Issue Date or of any entity merged into the Company or any Restricted Subsidiary of the Company or merged into or consolidated or amalgamated with a Restricted Subsidiary in accordance with the covenant described under "*—Certain Covenants—Merger, Consolidation or Sale of Assets*" to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, consolidation or amalgamation and were in existence on the date of such acquisition, merger, consolidation or amalgamation;

(13) Permitted Business Investments;

(14) Investments received as a result of a foreclosure by the Company or any of its Restricted Subsidiaries with respect to any secured Investment in default;

(15) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such

Investment may be increased (a) as required by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

(16) Guarantees of performance or other obligations (other than Indebtedness) arising in the ordinary course in the Oil and Gas Business, including obligations under oil and natural gas exploration, development, joint operating, and related agreements and licenses, concessions or operating leases related to the Oil and Gas Business;

(17) Investments in the Notes and any other Indebtedness of the Company or any Restricted Subsidiary;

(18) Management Advances;

(19) payroll, commission, travel, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business, in each case to the extent the same constitutes an Investment;

(20) Investments in any Person to the extent such Investments consist of prepaid expenses, negotiable instruments held for collection and lease, utility and workers' compensation, performance and similar deposits made in the ordinary course of business by the Company or any Restricted Subsidiary;

(21) receivables or working capital loans or other such similar forms of credit support owing to the Company or any Restricted Subsidiary of the Company and advances to suppliers, contractors or builders, in each case payable or dischargeable in accordance with such trade terms as the Company or such Restricted Subsidiary deems reasonable under the circumstances;

(22) (a) loans or grants customary or advisable in the Oil and Gas Business in respect of community development projects or economic development activities, as appropriate for the Company's regions of operation or consistent with past practice or counterparty requirements and (b) Investments made with funds received by the Company and its Restricted Subsidiaries from grants or donations from third parties, when taken together with all other Investments made pursuant to this clause (22) that are at the time outstanding, not to exceed the greater of (x) $15.0 million and (y) 1.5% of Consolidated Total Assets;

(23) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (23) that are at the time outstanding, not to exceed the greater of (x) $75.0 million and (y) 7.0% of Consolidated Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary of the Company and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary of the Company pursuant to the covenant described above under the caption "*—Certain Covenants—Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause;

(25) Investments in joint ventures having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (25) that are at the time outstanding, not to exceed the greater of (x) $50.0 million and (y) 4.5% of Consolidated Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary of the Company and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary of the Company pursuant to the covenant described above under the caption "*—Certain Covenants—Restricted Payments*," such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of "Permitted Investments" and not this clause; and

(26) other Investments; *provided that*, on the date of any such Investment, the Consolidated Net Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 2.75 to 1.0 on a *pro forma* basis after giving effect thereto.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens securing Indebtedness and other Obligations incurred pursuant to clause (1) of the second paragraph of the covenant entitled "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(2) Liens in favor of the Company or any Restricted Subsidiary;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated or amalgamated with the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger, consolidation or amalgamation and do not extend to any assets other than those of the Person merged into or consolidated or amalgamated with the Company or the Subsidiary of the Company;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided* that such Liens were in existence prior to such acquisition, and not incurred in contemplation of, such acquisition;

(5) Liens existing on the Issue Date;

(6) Liens on Capital Stock of and assets of any Restricted Subsidiary that is not a Guarantor that secures Indebtedness of such Restricted Subsidiary or any other Restricted Subsidiary that is not a Guarantor;

(7) Liens for taxes, assessments or governmental charges or claims that (x) are not yet due and payable or (y) that are being contested in good faith by appropriate proceedings;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights of way, gas and oil pipelines, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company or its Restricted Subsidiaries relating to such property or assets;

(10) Liens in favor of customs and revenue authorities arising as a matter of law to secure payments of customs duties in connection with the importation of goods;

(11) any attachment, prejudgment or judgment Lien that does not constitute an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(12) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);

(13) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided, however,* that:

   (a) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

   (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such extension, renewal, refunding, refinancing, replacement, exchange, defeasance or discharge;

(14) Liens for the purpose of securing the payment of all or a part of the purchase price or lease expense of, or Capital Lease Obligations, mortgage financings or purchase money obligations or other Indebtedness with respect to, or the repair, improvement, construction cost or cost of design, development, transportation, installation, migration or drydocking of property, plant or equipment or other assets used in the ordinary course of business of the Company or any of its Restricted Subsidiaries; *provided* that such Lien extends only to the assets the acquisition, lease, construction, repair or improvement of which is financed thereby and any replacements, additions and accessions thereto and any income or profits thereof; *provided*, *further*, that individual financings provided by a lender may be cross-collateralized to other financings provided by any lender or its affiliates;

(15) Liens arising solely by virtue of any statutory or common law provisions relating to bankers' Liens, rights of set off or similar rights and remedies as to deposit accounts or other funds maintained or deposited with a depositary institution;

(16) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(17) Liens in respect of Production Payments and Reserve Sales; *provided* such Liens are limited to the property that is the subject of such Production Payment and Reserve Sale;

(18) Liens on pipelines and pipeline facilities that arise by operation of law;

(19) Liens arising under oil and gas leases or subleases, assignments, farm-out agreements, farm-in agreements, division orders, agreements for the sale, purchase, exchange, transportation, gathering or processing of Hydrocarbons, unitizations and pooling designations, declarations, orders and agreements, development agreements, partnership agreements, operating agreements, royalties, royalty trusts, working interests, carried working interests, net profit interests, joint interest billing arrangements, joint venture agreements, participation agreements, production sales contracts, area of mutual interest agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or geophysical permits or agreements, licenses, sublicenses and other agreements which are customary in the Oil and Gas Business; *provided, however*, in all instances that such Liens are limited to the assets that are subject to the relevant agreement, program, order or contract;

(20) any (a) interest or title of a lessor or sublessor under any lease, Liens reserved in oil, gas or other Hydrocarbons, mineral leases for bonus, royalty or rental payments and for compliance with the terms of such leases; (b) restriction or encumbrance that the interest or title of such lessor or sublessor may be subject to (including without limitation, ground leases or other prior leases of the demised premises, mortgages, mechanics' liens, tax liens, and easements); or (c) subordination of the interest of the lessee or sublessee under such lease to any restrictions or encumbrance referred to in the preceding sub-clause (b);

(21) Liens arising under the Indenture in favor of the Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under the Indenture, *provided, however,* that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of the Indebtedness;

(22) Liens securing Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*";

(23) Liens upon specific items of inventory, receivables or other goods (or the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods (or the proceeds thereof);

(24) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(25) (i) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord, contractor or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary (including those arising from progress or partial payments by a third party relating to such property or assets) and subordination or similar agreements relating thereto and (ii) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(26) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary or joint venture that secure Indebtedness of such Unrestricted Subsidiary or joint venture (but only to the extent that such Indebtedness is not Indebtedness of the Issuer or a Guarantor);

(27) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of the Company or any Restricted Subsidiary's business or operations as Liens only for Indebtedness to a bank or financial institution directly relating to the goods or documents on or over which the pledge exists;

(28) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(29) Liens created on any asset of the Company or a Restricted Subsidiary established to hold assets of any stock option plan or any other management or employee benefit or incentive plan or unit trust of the Company or a Restricted Subsidiary securing any loan to finance the acquisition of such assets;

(30) Liens over treasury stock of the Company or a Restricted Subsidiary purchased or otherwise acquired for value by the Company or such Restricted Subsidiary pursuant to a stock buy-back scheme or other similar plan or arrangement;

(31) Liens with respect to Indebtedness of the Company or any Subsidiary of the Company with respect to Indebtedness at any one time outstanding that does not exceed the greater of (x) $200.0 million and (y) 18.0% of Consolidated Total Assets as determined on the date of incurrence of such Indebtedness after giving *pro forma* effect to such incurrence and the application of the proceeds therefrom;

(32) the following ordinary course items:

  (a) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company and its Restricted Subsidiaries, taken as a whole;

  (b) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or the like Liens arising by contract or statute in the ordinary course of business;

  (c) pledges or deposits made in the ordinary course of business (i) in connection with leases, tenders, bids, statutory obligations, surety or appeal bonds, government contracts, performance bonds and similar obligations, (ii) in connection with workers' compensation, unemployment insurance and other social security legislation (including, in each case, Liens to secure letters of credit issued to assure payment of such obligations) or (iii) to secure plugging, abandonment and decommissioning obligations;

  (d) Liens arising from Uniform Commercial Code financing statement filings under U.S. state law (or similar filings under applicable jurisdictions) regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business;

  (e) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings in the ordinary course of business;

  (f) leases, licenses, subleases and sublicenses of assets in the ordinary course of business; and

  (g) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(33) grants of software and other technology licenses in the ordinary course of business;

(34) other Liens; *provided that*, on the date any such Lien is incurred, the Consolidated Senior Secured Net Leverage Ratio for the Company and its Restricted Subsidiaries does not exceed 1.0 to 1.0 on a *pro forma* basis after giving effect thereto; and

(35) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (2) through (34); *provided* that (x) any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced and (y) any amounts incurred under this clause (35) as an extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clause (31) of this definition shall reduce the amount available under such clause (31).

"*Permitted Parent Payments*" means the declaration and payment of dividends or other distributions, or the making of loans, by the Company or any of its Restricted Subsidiaries to any Parent Holdco of the Company, or the payment by the Company or any of its Restricted Subsidiaries in amounts on behalf of any Parent Holdco, in amounts and at times required to pay:

(1) obligations of any Company in respect of director and officer insurance (including premiums therefor);

(2) fees and expenses payable by any Company and any Restricted Subsidiary in connection with the Acquisition, the COG Acquisition and the Offering;

(3) general corporate overhead expenses to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries, including (a) professional fees and expenses and other operational expenses of any Parent Holdco of the Company or related to the proper administration of such Parent Holdco (including, without limitation, accounting, legal, audit, corporate reporting and administrative expenses and payments in respect of services provided by directors, officers, consultants or employees of any such Parent Holdco); (b) costs and expenses with respect to the ownership of the Company and its Restricted Subsidiaries, directly or indirectly, by any Parent Holdco, (c) costs and expenses with respect to the maintenance of any equity incentive or compensation plan, (d) any Taxes, franchise fees and other fees and expenses required to maintain such Parent Holdco's corporate existence and to provide for other ordinary course operating costs, including customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of such Parent Holdco and (e) to reimburse reasonable out-of-pocket expenses of the Board of Directors of such Parent Holdco;

(4) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries or any Parent Holdco or any other Person established for purposes of or in connection with the Acquisition, the COG Acquisition or the Transactions or which holds directly or indirectly any Capital Stock or Subordinated Shareholder Debt of the Company, in an amount not to exceed $2.0 million in any 12-month period;

(5) for so long as the Company or any of its Restricted Subsidiaries is a member of a group for tax purposes with any Parent Holdco, payments to that Parent Holdco in respect of an allocable portion of the tax liabilities of such group that is attributable to the Company or the relevant Restricted Subsidiary ("Tax Payments"); provided that the Tax Payments shall not exceed the amount of the relevant tax (including any penalties and interest) that the Company or the relevant Restricted Subsidiary would owe if they were not part of a group for tax purposes, taking into account any carryovers and carrybacks of tax attributes (such as net operating losses) of the Company and Restricted Subsidiary from other taxable years;

(6) obligations of any Parent Holdco in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries, customary indemnification obligations of any Parent Holdco owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(7) costs (including all professional fees and expenses) incurred by any Parent Holdco of the Company in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder;

(8) expenses Incurred by any Parent Holdco in connection with any public offering or other sale of Capital Stock or Indebtedness or Subordinated Shareholder Debt; (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Holdco shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed; and

(9) fees and expenses of any Parent Holdco of the Company incurred in relation to (i) financing arrangements of the Company or any of its Restricted Subsidiaries (whether or not completed), (ii) acquisitions or dispositions by the Company or any of its Restricted Subsidiaries permitted under the Indenture (whether or not completed); and (iii) any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) provided that with respect to this clause (9)(iii): (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent

Holdco of the Company will cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

(3) if the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged is expressly contractually subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(4) if the Issuer or any Guarantor was the obligor on the Indebtedness being extended, renewed, refunded, refinanced, replaced, exchanged, defeased or discharged, such Indebtedness is incurred either by the Issuer, a Finance Subsidiary or by a Guarantor.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Production Payments*" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"*Production Payments and Reserve Sales*" means the grant or transfer by the Company or a Restricted Subsidiary of the Company to any Person of a royalty, overriding royalty, net profits interest, Production Payment, partnership or other interest in oil and gas properties, reserves or the right to receive all or a portion of the production or the proceeds from the sale of production attributable to such properties where the holder of such interest has recourse solely to such production or proceeds of production, subject to the obligation of the grantor or transferor to operate and maintain, or cause the subject interests to be operated and maintained, in a reasonably prudent manner or other customary standard or subject to the obligation of the grantor or transferor to indemnify for environmental, title or other matters customary in the Oil and Gas Business, including any such grants or transfers pursuant to incentive compensation programs on terms that are reasonably customary in the Oil and Gas Business for geologists, geophysicists and other providers of technical services to the Company or a Subsidiary of the Company.

"*Pro Forma Cost Savings*" means, without duplication, with respect to any period, reductions in costs and related adjustments that have been actually realized or are projected in good faith by a responsible accounting or financial officer of the Company to result from reasonably identifiable actions or events within 12 months after the consummation of any such change.

"*Project Debt*" means Indebtedness of a Restricted Subsidiary that is not a Guarantor or the Issuer as to which neither the Issuer nor any Guarantor provides a Guarantee or security interest or credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) and with respect to which creditors have no recourse to any assets of the Issuer or any Guarantor (other than a security interest over the Capital Stock of such Restricted Subsidiary).

"*Public Equity Offering*" means, with respect to any Person, a bona fide underwritten primary public offering of the ordinary shares, common equity or similar equity interests of such Person, either:

(1) pursuant to a listing or flotation on the London Stock Exchange or any other Recognized Stock Exchange or listing authority in the United States, United Kingdom or a member state of the European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

"Public Indebtedness" means any capital markets Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (x) a public offering or (y) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A under the U.S. Securities Act (or Rule 144A and Regulation S under the U.S. Securities Act) whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale, in each case in an amount in excess of $50.0 million. For the avoidance of doubt, the term "Public Indebtedness" shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than fifteen Persons (*provided* that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not underwritten), or any commercial bank or similar Indebtedness, receivables financing, Capital Lease Obligation or recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a "securities offering."

"*Public Market*" means any time after:

(1) a Public Equity Offering of the IPO Entity has been consummated; and

(2) at least 10% of the total issued and outstanding shares of share capital or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Company as of the Issue Date.

"*Rating Agencies*" means (1) S&P, (2) Moody's, (3) Fitch and (4) if S&P, Moody's, Fitch or any of these shall not make a rating of the Notes available, an internationally recognized securities rating agency or agencies, as the case may be, selected by the Issuer, which shall be substituted for S&P, Moody's, Fitch or any of these, as the case may be.

"*Recognized Stock Exchange*" means any nationally recognized stock exchange in the United States, United Kingdom, the European Union, the Grand Duchy of Luxembourg, Colombia or The International Stock Exchange.

"*Related Person*" means

(1) any controlling equity holder, majority (or more) owned Subsidiary or partner or member of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Responsible Officer*" means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee having direct responsibility for the administration of the Indenture and any other officers of the Trustee to whom any corporate trust matter is referred because of such person's knowledge of any familiarity with the particular subject.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless the context requires otherwise, each reference to a Restricted Subsidiary herein is to a Restricted Subsidiary of the Company.

"*Revolving Credit Facility*" means that certain Credit Agreement dated on or around the Issue Date by and among the Issuer, GLAS USA LLC, as administrative agent, GLAS Americas LLC, collateral agent, and the lenders from time to time party thereto, as may be amended, restated or otherwise modified from time to time.

"*S&P*" means Standard & Poor's Ratings Services and any successor to its ratings business.

"*SEC*" means the U.S. Securities and Exchange Commission.

"*SierraCol Arauca*" means SierraCol Energy Arauca, LLC, a Delaware limited liability company, and its successors.

"*Significant Subsidiary*" means, at the date of determination and as determined in good faith by a responsible accounting or financial officer of the Company, any Restricted Subsidiary that, together with its Subsidiaries which are Restricted Subsidiaries, (i) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (ii) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

"*SPAC IPO*" means the acquisition, purchase, merger, amalgamation or other combination of the Company, any direct or indirect parent of the Company, or any Restricted Subsidiary, by, or with, a publicly traded special purpose acquisition company or targeted acquisition company or any entity similar to the foregoing (a "*SPAC IPO Entity*") after which any common Equity Interests of the Company, any direct or indirect parent of the Company, any Restricted Subsidiary or such SPAC IPO Entity (or its successor by merger, amalgamation or other combination) being publicly traded on any United States national securities exchange or over-the-counter market, or any analogous exchange or market in Canada, the United Kingdom or the European Union.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Obligations*" means any Indebtedness of the Issuer (whether outstanding on the Issue Date or thereafter incurred) that is subordinate or junior in right of payment to the Notes pursuant to a written agreement or any Indebtedness of a Guarantor (whether outstanding on the Issue Date or thereafter incurred) that is subordinate or junior in right of payment to the Note Guarantee of such Guarantor pursuant to a written agreement, as the case may be.

"*Subordinated Shareholder Debt*" means, collectively, any funds provided to the Company by any Parent Holdco or any Permitted Holder in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided, however,* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not (including upon the happening of any event) require, prior to the first anniversary of the Stated Maturity of the applicable Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not (including upon the happening of any event) accelerate and has no right (including upon the happening of any event) to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes and the Guarantees in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by Issuer with its obligations under the Notes and the Indenture;

(7) does not (including upon the happening of an event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder thereof; in whole or in part, prior to the date on which the Notes mature, other than into or for Capital Stock (other than Disqualified Stock) of the Company.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total ordinary voting power of its Voting Stock is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof);

(2) any corporation, association or other business entity of which that Person or one or more of the other Subsidiaries of that Person (or any combination thereof), directly or indirectly, has the right to appoint a majority of the directors, managers or trustees, as applicable, or has the operational control of the corporation, association or other business entity and the financial results of such corporation, association or other business entity are consolidated with the financial results of such Person or one or more of the other Subsidiaries of that Person (or any combination thereof); and

(3) any partnership, joint venture, limited liability company or similar entity of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

provided, however, that no Person, the sole purpose of which is to engage in charitable activities, shall be a Subsidiary.

"*Successor Parent*" with respect to any Person means any other Person more than 50% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly-Owned Subsidiary) of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly-Owned Subsidiary) of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Issue Date)

"*Tax*" means any tax, duty, levy, impost, assessment or other governmental charge of whatever nature (including penalties, interest and any other additions thereto). "Taxes" and "Taxation" shall be construed to have corresponding meanings.

"*Teca Assets*" means the assets associated with our operations at the Teca field.

"*Treasury Rate*" means the yield to maturity as of the date of the relevant redemption notice of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (or is obtainable from the Federal Reserve System's Data Download Program as of the date of such H.15) that has become publicly available at least two Business Days prior to such date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the date of such redemption notice, to June 15, 2024; *provided*, *however*, that if the period from such date to June 15, 2024 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*U.S. dollars*" or "*$*" means the lawful currency of the United States of America.

"*U.S. Government Obligations*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company other than the Issuer that is designated by the Board of Directors of the Company or director or indirect parent of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors of such Person, but only to the extent that such Subsidiary has no Indebtedness other than Non-Recourse Debt (unless such Indebtedness would otherwise be permitted to be incurred at the time of such designation pursuant to the covenant described under "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock*") or does not own any Capital Stock or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary. All Subsidiaries of an Unrestricted Subsidiary shall also be Unrestricted Subsidiaries.

"*U.S. Exchange Act*" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*U.S. Securities Act*" means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Volumetric Production Payments*" means production payment obligations recorded as deferred revenue in accordance with IFRS, together with all related undertakings and obligations.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one- twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*Wholly-Owned Subsidiary*" means a Restricted Subsidiary, all of the Capital Stock of which (other than directors' qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly-Owned Subsidiary) is owned by the Company or another Wholly-Owned Subsidiary or a Parent Holdco of the Company, as the case may be.

BOOK-ENTRY, DELIVERY AND FORM

The Notes are being offered and sold to persons reasonably believed to be qualified institutional buyers in reliance on Rule 144A ("Rule 144A Notes"). The Notes also may be offered and sold in offshore transactions to non-U.S. persons in reliance on Regulation S ("Regulation S Notes"). Except as set forth below, the Notes will be issued in registered, global form in minimum denominations of US$2,000 and integral multiples of US$1,000 in excess of US$2,000. The Notes will be issued at the closing of this offering only against payment in immediately available funds.

Rule 144A Notes initially will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "Rule 144A Global Notes"). Regulation S Notes initially will be represented by one or more temporary Notes in registered, global form without interest coupons (collectively, the "Regulation S Temporary Global Notes"). Any Notes sold in the secondary market to institutional accredited investors will be represented by one or more Notes in registered, global form without interest coupons (collectively, the "IAI Global Notes"). The Rule 144A Global Notes, the Regulation S Temporary Global Notes and the IAI Global Notes will be deposited upon issuance with the Trustee as custodian for DTC, and registered in the name of DTC or its nominee, in each case, for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the closing of this offering (such period through and including such 40th day, the "Restricted Period"), beneficial interests in the Regulation S Temporary Global Notes may be held only through the Euroclear System ("Euroclear") and Clearstream Banking, S.A. ("Clearstream") (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Within a reasonable time period after the expiration of the Restricted Period, the Regulation S Temporary Global Notes will be exchanged for one or more permanent Notes in registered, global form without interest coupons (collectively, the "Regulation S Permanent Global Notes" and, together with the Regulation S Temporary Global Notes, the "Regulation S Global Notes"; the Regulation S Global Notes, the Rule 144A Global Notes and the IAI Global Notes, collectively, the "Global Notes") upon delivery to DTC of certification of compliance with the transfer restrictions applicable to the Notes and pursuant to Regulation S as provided in the indenture. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See "—Exchanges between Regulation S Notes and Rule 144A Notes."

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive Notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. See "—Exchange of Global Notes for Certificated Notes." Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Notes in certificated form.

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under "Transfer restrictions." Regulation S Notes will also bear the legend as described under "Transfer restrictions." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time. See "Plan of distribution—Sales restrictions."

Depositary Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the system or their participants directly to discuss these matters.

We understand that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between the Participants through electronic book-entry changes in accounts of its Participants.

The Participants include securities brokers and dealers (including the initial purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

We also understand that, pursuant to procedures established by DTC:

(1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants designated by the initial purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Rule 144A Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Investors in the Regulation S Global Notes must initially hold their interests therein through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants. After the expiration of the Restricted Period (but not earlier), investors may also hold interests in the Regulation S Global Notes through Participants in the DTC system other than Euroclear and Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture. Under the terms of the indenture, we and the Trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners of the Notes for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee or any agent of us or the Trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

We understand that DTC's current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or us. Neither we nor the Trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the Notes, and we and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under "Transfer restrictions," transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

We understand that DTC will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC reserves the right to exchange the Global Notes for legended Notes in certificated form, and to distribute such Notes to its Participants.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of us, the Trustee and any of our or their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

(1) DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, the Issuer fails to appoint a successor depositary; or

(2) there has occurred and is continuing a Default or Event of Default with respect to the Notes under the Indenture and DTC shall have requested the issuance of Certificated Notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in

accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer restrictions," unless that legend is not required by applicable law. See "Plan of distribution—Sales restrictions."

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See "Transfer restrictions."

Exchanges between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if:

(1) such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A; and

(2) the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that the Notes are being transferred to a person:

(a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A;

(b) who is purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and

(c) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or in accordance with Rule 144 (if available) and that, if such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected by DTC by means of an instruction originated by the Participants through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Certifications by Holders of the Regulation S Temporary Global Notes

A holder of a beneficial interest in the Regulation S Temporary Global Notes must provide Euroclear or Clearstream, as the case may be, with a certificate in the form required by the indenture certifying that the beneficial owner of the interest in the Regulation S Temporary Global Note is either a non-U.S. person or a U.S. person that has purchased such interest in a transaction that is exempt from the registration requirements under the Securities Act, and Euroclear or Clearstream, as the case may be, must provide to the Trustee (or the paying agent if other than the Trustee) a certificate in the form required by the indenture, prior to any exchange of such beneficial interest for a beneficial interest in the Regulation S Permanent Global Notes.

Same Day Settlement and Payment

We will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. We understand that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

TAXATION

Certain United States Federal Income Tax Considerations

The following is a discussion of certain U.S. federal income tax considerations of the purchase, ownership and disposition of the Notes, but does not purport to be a complete analysis of all potential tax effects. This discussion is based upon the United States Internal Revenue Code of 1986, as amended (the "*Code*"), Treasury regulations issued thereunder (the "*Treasury Regulations*"), and judicial and administrative interpretations thereof, each as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion is limited to consequences relevant to a U.S. holder (as defined below), except for the discussions under "*—Status of the Issuer and Source of Interest Payments for U.S. Federal Income Tax Purposes*" and "*—Foreign Account Tax Compliance Act*". This discussion does not address the impact of the U.S. federal Medicare tax on net investment income or the effects of any U.S. federal tax laws other than U.S. federal income tax laws (such as estate and gift tax laws) or any state, local or non-U.S. tax laws. No rulings from the U.S. Internal Revenue Service (the "*IRS*") have been or are expected to be sought with respect to the matters discussed below. There can be no assurance that the IRS will not take a different position concerning the tax consequences of the purchase, ownership or disposition of the Notes or that any such position would not be sustained.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to a U.S. holder in light of such holder's particular circumstances or to U.S. holders subject to special rules, such as financial institutions, U.S. expatriates, insurance companies, dealers in securities or currencies, traders in securities, U.S. holders whose functional currency is not the U.S. dollar, tax-exempt entities, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities (or investors in such entities), persons liable for the alternative minimum tax, persons holding the Notes as part of a "straddle," "hedge," "conversion transaction" or other integrated transaction, persons who receive a payment of the Special Dividend and persons subject to special tax accounting rules as a result of any item of gross income with respect to the Notes being taken into account in an applicable financial statement. In addition, this discussion is limited to persons who purchase the Notes for cash at original issue and at their "issue price" (i.e., the first price at which a substantial amount of the Notes is sold for money, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and who hold the Notes as capital assets within the meaning of Section 1221 of the Code.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of a Note that is, for U.S. federal income tax purposes, (i) an individual who is a citizen or resident of the United States; (ii) a corporation or any entity taxable as a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or if a valid election is in place to treat the trust as a U.S. person.

If any entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Notes, the U.S. tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partnership considering an investment in the Notes, and partners in such partnership, should consult their tax advisors regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

Prospective purchasers of the Notes should consult their tax advisors concerning the tax consequences of holding Notes in light of their particular circumstances, including the application of the U.S. federal income tax considerations discussed below, as well as the application of other federal, state, local, non-U.S. or other tax laws.

Status of the Issuer and Source of Interest Payments for U.S. Federal Income Tax Purposes

The Notes will be issued by a Delaware limited liability company that is treated as disregarded from Holdings for U.S. federal income tax purposes. So long as the Issuer is so treated, the Notes will be treated for U.S. federal income tax purposes as debt of a foreign corporation. However, due to changes in Holdings's business, operations or group structure, or a challenge by the IRS, or the treatment by a paying agent or other intermediary in

the chain of payment, the payments of interest under the Notes may be treated as issued by a United States person for U.S. federal income tax purposes and/or become subject to U.S. withholding tax. As a result, all holders are required to be qualified for an exemption from U.S. withholding tax and provide an IRS Form W-8 or W-9 evidencing such exemption from U.S. withholding tax and should be advised that, if the holders are not so exempt and do not so deliver the relevant IRS Form W-8 or W-9, an applicable withholding agent may impose withholding on payments made with respect to the Notes. We will generally not be required to pay any Additional Amounts with respect to amounts so withheld. Prospective purchasers of the Notes should consult their advisors regarding the possible U.S. federal income tax consequences of an investment in the Notes.

Characterization of the Notes

In certain circumstances (see, e.g., "*Description of the Notes—Change of Control Triggering Event*," "*Description of the Notes—Optional Redemption*," "*Description of the Notes—Additional Amounts*" and "*Description of the Notes—Redemption for Changes in Taxes*") the Issuer may be obligated to redeem the Notes for an amount different from their stated principal amount (plus accrued and unpaid interest), or may be obligated to make certain payments on the Notes in excess of stated principal and interest. The Issuer does not intend to treat the Notes as contingent payment debt instruments due to the possibility of such a redemption occurring and such excess payments being made. The Issuer's position is binding on a U.S. holder, unless the U.S. holder discloses in the proper manner to the IRS that it is taking a different position. The Issuer's position is not, however, binding on the IRS, and if the IRS successfully challenged this position, the tax consequences of owning and disposing of the Notes could be materially different than those described herein, including with respect to the character, timing and amount of income, gain or loss recognized. The balance of this discussion assumes that the Notes will not be considered contingent payment debt instruments. U.S. holders are urged to consult their own tax advisors regarding the potential application to the Notes of the contingent payment debt instrument rules and the consequences thereof.

Payments of Stated Interest

Payments of stated interest on a Note (including any additional amounts paid in respect of withholding taxes and without reduction for any amounts withheld) generally will be includible in the gross income of a U.S. holder as ordinary income at the time that such payments are received or accrued, in accordance with the U.S. holder's method of accounting for U.S. federal income tax purposes.

Sale, Exchange, Retirement, Redemption or other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a Note, a U.S. holder generally will recognize gain or loss in an amount equal to the difference between the amount realized upon such disposition (other than amounts attributable to accrued but unpaid stated interest, which will be taxable as interest income as described above to the extent not previously included in income by the U.S. holder) and the U.S. holder's adjusted tax basis in the Note. A U.S. holder's adjusted tax basis in a Note generally will equal the cost of the Note to the U.S. holder.

Any gain or loss recognized by a U.S. holder on the sale, exchange, retirement, redemption or other taxable disposition of a Note will generally be U.S. source gain or loss and generally will be capital gain or loss. Capital gains of non-corporate U.S. holders (including individuals) derived in respect of capital assets held for more than one year are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to payments of interest on the Notes and to the proceeds of the sale or other disposition (including a retirement or redemption) of a Note paid to a U.S. holder unless the U.S. holder is an exempt recipient and, when required, provides evidence of such exemption.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be allowed as refund or a credit against a U.S. holder's U.S. federal income tax liability, provided that the appropriate information is timely furnished to the IRS.

Information with respect to Foreign Financial Assets

Certain U.S. holders who are individuals and who hold an interest in "specified foreign financial assets" (as defined in section 6038D of the Code) are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by certain financial institutions). Under certain circumstances, an entity may be treated as an individual for purposes of the foregoing rules. U.S. holders should consult their tax advisors regarding the effect, if any, of this requirement on their ownership and disposition of the Notes and the significant penalties for non-compliance.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the Code (commonly referred to as "FATCA") generally impose a withholding tax at a rate of 30% on certain payments that are, or are treated as attributable to, certain U.S. source payments paid to (i) a foreign financial institution, or FFI, whether as a beneficial owner or intermediary, unless such institution enters into an agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners), or qualifies for an exemption from these rules, and (ii) a foreign entity that is not a financial institution (whether as a beneficial owner or intermediary for another foreign entity that is not a financial institution) unless such entity provides the withholding agent or U.S. tax authorities with a certification identifying the substantial U.S. owners of the entity, which generally include any U.S. person who directly or indirectly owns more than 10% of the entity, or qualifies for an exemption from these rules.

A person that receives payments through one or more FFIs may receive reduced payments as a result of FATCA withholding taxes if (i) any such FFI does not enter into such an agreement with the U.S. government and does not otherwise establish an exemption, or (ii) such person is (a) a "recalcitrant account holder" or (b) itself an FFI that fails to enter into such an agreement or establish an exemption. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

In the event any withholding under FATCA is imposed with respect to any payments on the Notes, there will be no additional amounts payable to compensate for the withheld amount. Investors are encouraged to consult their tax advisors regarding the implications of these rules on their investment in our Notes.

Certain United Kingdom Tax Considerations

The following is a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs' ("HMRC") practice relating only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The International Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Guernsey in accordance with provisions corresponding to those generally applicable in European Economic Area states and are admitted to trading on The International Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to

pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

The United Kingdom withholding tax treatment of payments by a Guarantor under the terms of a Note Guarantee which have a United Kingdom source is uncertain. In particular, such payments by a Guarantor may not be eligible for the exemptions described above in relation to payments of interest. Accordingly, if the Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate.

CERTAIN UNITED STATES ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase, holding and disposition of the Notes by or on behalf of (i) employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (ii) plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, (iii) entities whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement described in clause (i) or (ii) (any plan, account, arrangement or entity described in clause (i), (ii) or (iii), a "Plan") or (iv) any other plan subject to Federal, State, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code ("Similar Laws").

General fiduciary matters

ERISA imposes certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA and ERISA and the Code prohibit certain transactions involving the assets of any Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of a Plan or the management or disposition of the assets of a Plan, or who renders investment advice for a fee or other compensation to a Plan, is generally considered to be a fiduciary of the Plan.

In considering an investment in the Notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Law.

Prohibited transaction issues

Section 406 of ERISA and Section 4975 of the Code prohibit Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The purchase, holding and/or disposition of Notes by a Plan with respect to which the Issuer, the initial purchasers or any Guarantor are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption.

In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or "PTCEs," that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the Notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts, and PTCE 96-23 respecting transactions determined by in-house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code may provide a limited exemption for the purchase and disposition of the Notes and related lending transactions, provided that neither the Issuer of the Notes nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of the Plan involved in the transaction and provided further that the Plan pays no more, and receives no less, than adequate consideration in connection with the transaction (the so-called "service provider exemption"). There can be no assurance that any of these statutory or class exemptions will be available with respect to transactions involving the Notes.

Because of the foregoing, the Notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute or result in a non-exempt prohibited transaction under ERISA and the Code or violation of any applicable Similar Law.

Representation

Accordingly, by acceptance of a note each purchaser and subsequent transferee of any note will be deemed to have represented and warranted, on each day from the date on which the purchaser or transferee acquires such note through to and including the date on which the purchaser or transferee disposes of such note that either (i) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any Plan or any plan subject to Similar Law or (ii) the acquisition, holding and subsequent disposition of the Notes by such purchaser or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violation of any applicable Similar Law.

None of the Issuer, the Initial Purchasers or any of their respective affiliates is undertaking to provide impartial investment advice, or to give advice in a fiduciary capacity, in connection with the acquisition of any Notes by any Plan.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Notes (and holding the Notes) on behalf of, or with the assets of, any Plan or plan subject to Similar Law, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Law to such investment and whether an exemption would be applicable to the purchase and holding of the Notes.

Purchasers of the Notes have the exclusive responsibility for ensuring that their purchase and holding of the Notes complies with the fiduciary responsibility rules of ERISA and does not violate the prohibited transaction rules of ERISA or the Code and does not violate applicable Similar Law. The sale of any Notes to any Plan or plan subject to Similar Law is in no respect a representation by us or any of our affiliates or representatives that such an investment meets all relevant legal requirements with respect to investments by Plans or plans subject to Similar Law generally or any particular Plan or plan subject to Similar Law, or that such an investment is appropriate for Plans or plans subject to Similar Law generally or any particular Plan or plan subject to Similar Law.

PLAN OF DISTRIBUTION

J.P. Morgan Securities LLC is acting as global coordinator and bookrunner of the offering, and Deutsche Bank Securities Inc. and Itau BBA USA Securities, Inc. are acting as bookrunners of the offering. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each initial purchaser named below has severally and not jointly agreed to purchase, and we have agreed to sell to that initial purchaser, the principal amount of the Notes set forth opposite the initial purchaser's name.

Initial Purchasers	Principal Amount of Notes
J.P. Morgan Securities LLC	US$ 240,000,000
Deutsche Bank Securities Inc.	99,000,000
Itau BBA USA Securities, Inc.	99,000,000
TCG Capital Markets L.L.C	162,000,000
Total	**US$ 600,000,000**

The purchase agreement provides that the obligations of the initial purchasers to purchase the Notes, when, as and if issued, are subject to approval of legal matters by counsel and to other conditions. The initial purchasers must purchase all the Notes if they purchase any of the Notes. The initial purchasers may offer and sell the Notes through certain of their respective affiliates. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The initial purchasers propose to resell the Notes at the offering price set forth on the cover page of this offering memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "*Transfer Restrictions*." The price at which the Notes are offered may be changed at any time without notice.

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "*Transfer Restrictions*."

In addition, until 40 days after the commencement of this offering, an offer or sale of Notes within the United States by a dealer that is not participating in this offering may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

We have agreed that, for a period of 45 days from the date of this offering memorandum, we will not, without the prior written consent of J.P. Morgan Securities LLC, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by us.

Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. However, there can be no assurance that the Notes will become or remain listed. In addition, we cannot assure you that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes will develop or continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the Notes.

In connection with the offering, the initial purchasers may purchase and sell Notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the initial purchasers of a greater number of Notes than they are required to purchase in the offering.

- Covering transactions involve purchases of Notes in the open market after the distribution has been completed in order to cover short positions.

- Stabilizing transactions involve bids to purchase Notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the Notes.

They may also cause the price of the Notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

We expect that delivery of the Notes will be made to investors on or about June 22, 2021 which will be the sixth business day following the date of this offering memorandum (such settlement being referred to as "T + 6"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the second business day before the delivery of the Notes hereunder may be required, by virtue of the fact that the Notes initially settle in T + 6, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes prior to the second business day before their date of delivery hereunder should consult their advisors.

The initial purchasers are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The initial purchasers and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, the initial purchasers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. In addition, TCG Capital Markets L.L.C, which is one of the initial purchasers in this offering, is an affiliate of our Sponsor and will receive customary initial purchaser discounts and commissions. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the initial purchasers or any affiliate of the initial purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the initial purchasers or such affiliate on behalf of the issuer in such jurisdiction.

In particular, certain of the initial purchasers and/or their affiliates are lenders under our New Revolving Credit Facility. The Trustee under the Indenture is an affiliate of an initial purchaser. Additionally, proceeds from the offering of the Notes will be used to repay the RBL Facility, a portion of which is held by certain of the initial purchasers or their affiliates.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the initial purchasers or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express

independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the initial purchasers may be required to make because of any of those liabilities.

Selling Restrictions

Argentina

The Notes have not been and will not be issued nor publicly placed, distributed, offered or negotiated in the Argentine capital markets. Therefore, the Notes may not be publicly offered or sold in Argentina except in compliance with the applicable Argentine securities regulations.

This offering memorandum is for the sole and exclusive use of the addressee as an offeree in Argentina, and this offering memorandum shall not be interpreted as being addressed to any third party in Argentina or for the use of any third party in Argentina, including any shareholders, administrators or employees of the addressee.

The recipient of the Notes acknowledges that certain Argentine laws and regulations are applicable to any transaction or investment made in connection with the Notes being offered and represents that it is the sole party liable for full compliance with any such laws and regulations. Persons wishing to offer or acquire the Notes within Argentina should consult with their own counsel as to the applicability of registration requirements or any exemption therefrom.

Brazil

The Notes have not been and will not be issued nor placed, distributed, offered or negotiated in the Brazilian capital markets. The offering of the Notes has not been nor will be registered with the CVM. Documents relating to the offering of the Notes, as well as information contained therein, may not be distributed in Brazil (as the offering of the Notes is not a public offering of securities in Brazil), nor be used in connection with any offering for subscription or sale of the Notes in Brazil.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (“NI 33-105”), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Chile

The offering of the Notes is subject to General Rule No. 336 issued by the *Comisión para el Mercado Financiero* (Chilean Commission for the Financial Market or “CMF”). The commencement date of this offering is

the one contained in the cover pages of this offering memorandum. The Notes will not be registered in the *Registro de Valores* (Securities Registry) or the *Registro de Valores Extranjeros* ("Foreign Securities Registry"), both kept by the CMF and will not be subject to the supervision of the CMF. As unregistered securities, the Issuer has no obligation to deliver/disclose public information about the Notes in Chile. The Notes cannot and will not be publicly offered in Chile unless registered in the *Registro de Valores* (Securities Registry) or the Foreign Securities Registry, both kept by the CMF. If the Notes are offered within Chile, they will be offered and sold only pursuant to General Rule 336 of the CMF, an exemption to the registration requirements, or in circumstances that do not constitute a public offer of securities under Chilean law.

La oferta de los valores se acoge a la Norma de Carácter General N°336 de la Comisión para el Mercado Financiero o "CMF." La fecha de inicio de la presente oferta es la indicada en la portada de este offering memorandum. Los valores no estarán inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la CMF, y tales valores no estarán sujetos a la fiscalización de la CMF. Por tratarse de valores no inscritos, no existe obligación por parte del emisor de entregar en Chile información pública respecto de los valores. Los valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores o el Registro de Valores Extranjeros que lleva la CMF. Si los valores son ofrecidos dentro de Chile, serán ofrecidos y colocados sólo de acuerdo a la Norma de Carácter General N°336 de la CMF, una excepción a la obligación de inscripción, o en circunstancias que no constituyan una oferta pública de valores en Chile de conformidad a la ley chilena.

Colombia

The Notes have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombia Stock Exchange (*Bolsa de Valores de Colombia*). Therefore, the Notes may not be publicly offered or sold in Colombia except in compliance with the applicable Colombian securities regulations.

The Notes may not be offered or sold publicly or otherwise be subject to brokerage activities in Colombia, except under circumstances which do not constitute a public offering of securities under applicable Colombian securities laws and regulations and in compliance with Part 4 of Decree 2555 of 2010.

The recipient of the Notes acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the Notes being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

Dubai

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The Notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Notes offered should conduct their own due diligence on the Notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

European Economic Area

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the

Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the PRIIPs Regulation.

PRIIPs Regulation / Prohibition of Sales to EEA retail investors

The Notes which are the subject of the offering contemplated by this prospectus supplement are not offered, sold or otherwise made available to and will not be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of the IDD, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

United Kingdom

Each initial purchaser has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the guarantors; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK retail investors

The Notes which are the subject of the offering contemplated by this offering memorandum are not offered, sold or otherwise made available to and will not be offered, sold or otherwise made available to any retail investor in the UK. For the purposes of this provision (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Notes.

Hong Kong

(a) The Notes have not been offered or sold and will not be offered or sold in the Hong Kong by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (the "SFO") and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "C(WUMP)O") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (b) no advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) has been or will be issued or has been or will be possessed for the purposes of the issue, whether in Hong Kong or elsewhere, other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Notes have not been and will not be registered for a public offering in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the "FIEA")). Accordingly, the Notes may not be offered or sold directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time.

Mexico

The Notes have not been, and will not be, registered with the National Securities Registry (Registro Nacional de Valores) maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*), and, therefore the Notes may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the Notes may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law (Ley del Mercado de Valores).

Panama

The Notes have not been and will not be registered under the Panamanian Securities Laws (Law-Decree N° 1 of July 8, 1999, as amended and restated from time to time, the "Panamanian Securities Laws") with the Superintendency of Capital Markets of Panama (Superintendencia del Mercado de Valores de Panamá or "SMV"), (i) the Notes cannot be publicly offered or sold in Panama, except in transactions exempted from registration under the Panamanian Securities Laws, (ii) the SMV has not reviewed the information contained in this offering memorandum, (iii) the Notes and the offering thereof are not subject to the supervision of the SMV, and (iv) the Notes do not benefit from the tax incentives provided by Panamanian Securities Laws.

Peru

The Notes and the information contained in this offering memorandum have not been and will not be registered with or approved by SMV or the BVL. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the Notes and, therefore, the disclosure obligations set forth therein will not be applicable to the Issuer before or after their acquisition by prospective investors. Accordingly, the Notes cannot be offered or sold in Peru, except if (i) the Notes are previously registered with the SMV or (ii) such offering is considered a private offering under the securities laws and regulations of Peru. The Peruvian Securities Market Law establishes, among others, that an offer directed exclusively to institutional investors (as defined under Peruvian law) qualifies as a private offering. In making an investment decision, institutional investors, as defined under Peruvian law, must rely on their own examination of the Issuer and the terms of the offering of the Notes in order to determine their legal ability to invest in the Notes.

Qatar

The Notes described in this offering memorandum have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. This offering memorandum has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This offering memorandum is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be

circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, nor may the Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification – In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, pursuant to relevant securities laws and regulations and may not be offered or sold directly or indirectly in Taiwan, or to, or for the account or benefit of, any person in Taiwan unless otherwise in compliance with the applicable laws and regulations of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

United Arab Emirates

The Notes have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates, or the U.A.E., other than in compliance with the laws of the U.A.E. Prospective investors in the Dubai International Financial Centre should have regard to the specific notice to prospective investors in the Dubai International Financial Centre set out below. The information contained in this offering memorandum does not constitute a public offer of the New Notes in the U.A.E. in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 of the U.A.E., as amended) or otherwise and is not intended to be a public offer.

This offering memorandum has not been approved by or filed with the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or the Dubai Financial Services Authority, or DFSA. If you do not understand the contents of this offering memorandum you should consult an authorized financial adviser. This offering memorandum is provided for the benefit of the recipient only, and should not be delivered to, or relied on by, any other person.

TRANSFER RESTRICTIONS

The Notes are subject to restrictions on transfer as summarized below. By purchasing the Notes, you will be deemed to have made the following acknowledgements, representations to and agreements with us and the initial purchasers:

(1) You acknowledge that:

the Notes and the related guarantees have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and

unless so registered, the Notes and the related guarantees may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph 5 below.

(2) You acknowledge that this offering memorandum relates to an offering that is exempt from registration under the Securities Act and may not comply in important respects with SEC rules that would apply to an offering document relating to a public offering of securities.

(3) You may be requested to represent that you are not an affiliate (as defined in Rule 144 under the Securities Act) of ours, that you are not acting on our behalf and that either:

you are a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) and are purchasing the Notes for your own account or for the account of another qualified institutional buyer, and you are aware that the initial purchasers are selling the Notes to you in reliance on Rule 144A; or

you are not a "U.S. person" (as defined in Regulation S under the Securities Act) or purchasing the Notes for the account or benefit of a U.S. person, other than a distributor, and you are purchasing the Notes in an offshore transaction in accordance with Regulation S.

(4) You acknowledge that neither we nor the initial purchasers nor any person representing us or the initial purchasers have made any representation to you with respect to us or the offering of the Notes, other than the information contained in this offering memorandum. Accordingly, you acknowledge that no representation or warranty is made by the initial purchasers as to the accuracy or completeness of such materials. You represent that you are relying only on this offering memorandum in making your investment decision with respect to the Notes. You agree that you have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your decision to purchase the Notes, including an opportunity to ask questions of and request information from us.

(5) You represent that you are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of that investor account or accounts be at all times within your or their control and subject to your or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only:

(a) to us or any of our subsidiaries;

(b) under a registration statement that has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale in reliance on Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A;

(d) through offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act;

(e) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of US$250,000; or

(f) under any other available exemption from the registration requirements of the Securities Act,

subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control and subject to compliance with any applicable state securities laws.

You also acknowledge that to the extent that you hold any Notes through an interest in a global note, the Resale Restriction Period (as defined herein) may continue until one year after the issuers, or any affiliate of the issuers, was the owner of such note or an interest in such global note, and so may continue indefinitely.

(6) You also acknowledge that:

the above restrictions on resale will apply from the Issue Date until the date that is one year (in the case of Notes sold in reliance upon Rule 144A) after the later of the Issue Date, the closing date of the issuance of any additional Notes and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes or 40 days (in the case of Notes sold in reliance upon Regulation S) after the later of the Issue Date and when the Notes or any predecessor of the Notes are first offered to persons other than distributors (as defined in Rule 902 of Regulation S) in reliance on Regulation S (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;

if a holder of Notes proposes to resell or transfer Notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the applicable indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is not acquiring the Notes for distribution in violation of the Securities Act;

we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (c), (d), (e) or (f) above, the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and

each Note will contain a legend substantially to the following effect:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS NOTE, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED NOTES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [*IN THE CASE OF RULE 144A NOTES:* ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF, THE ORIGINAL ISSUE DATE

OF THE ISSUANCE OF ANY ADDITIONAL NOTES AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATE OF THE ISSUERS WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF SUCH SECURITY)] [*IN THE CASE OF REGULATION S NOTES:* 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE DATE ON WHICH THIS NOTE (OR ANY PREDECESSOR OF SUCH NOTE) WAS FIRST OFFERED TO PERSONS OTHER THAN DISTRIBUTORS (AS DEFINED IN RULE 902 OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) IN RELIANCE ON REGULATION S], ONLY (A) TO THE ISSUERS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF SECURITIES OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUERS' AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (C), (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [*IN THE CASE OF REGULATION S NOTES*: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S.]

BY ITS ACQUISITION OF THIS NOTE, THE HOLDER THEREOF WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (1) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THIS NOTE CONSTITUTES THE ASSETS OF AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE (COLLECTIVELY, "SIMILAR LAWS"), OR OF AN ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT, OR (2) THE ACQUISITION AND HOLDING OF THIS NOTE BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAW, AND NONE OF THE ISSUERS, ANY INITIAL PURCHASER, ANY GUARANTOR OR ANY OF THEIR RESPECTIVE AFFILIATES IS ACTING AS ITS FIDUCIARY, OR IS BEING RELIED UPON BY IT FOR ANY INVESTMENT ADVICE, WITH RESPECT TO THE DECISION TO ACQUIRE AND HOLD THIS NOTE.

(7) You represent and warrant that either (i) you are not acquiring or holding the Notes for or on behalf of, and no portion of the assets used by you to acquire or hold the Notes, or any interest therein, constitutes assets of any employee benefit plan subject to Title I of ERISA, any plan, account or other arrangement that is subject to Section 4975 of the Code, or provisions under any Similar Laws, or an entity whose underlying assets are considered to include "plan assets" of any such plan, account or arrangement or (ii) the acquisition, and holding and subsequent disposition of the Notes by you will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Law, and none of the Issuers, any initial purchaser, any guarantor or any of their respective affiliates is

acting as your fiduciary, or is being relied upon by you for any investment advice, with respect to your decision to acquire and hold the Notes.

(8) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. You agree that if any of the acknowledgments, representations or agreements you are deemed to have made by your purchase of the Notes is no longer accurate, you will promptly notify us and the initial purchasers. If you are purchasing any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each of those accounts and that you have full power to make the above acknowledgments, representations and agreements on behalf of each account.

Each person located in a Member State of the EEA to whom any offer of the Notes is made, or who receives any communication in respect of an offer of the Notes, or who initially acquires any Notes, or to whom the Notes are otherwise made available will be deemed to have represented, warranted, acknowledged and agreed to and with each initial purchaser and the Issuer that it is not a retail investor. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in the Prospectus Directive.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is formed under the laws of the United States and the Guarantors are incorporated or organized under the laws of Bermuda, the Cayman Islands, Panama, Switzerland and the United States. Substantially all of our assets are located in Colombia.

The majority of our directors, officers and other executives are neither residents nor citizens of the United States. Furthermore, all of our assets are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons, the Issuer or the Guarantors or to enforce against them, the Issuer or the Guarantors judgments of U.S. courts predicated upon the civil liability provisions of U.S. federal or state securities laws despite the fact that, pursuant to the terms of the Indenture, the Issuer and the Guarantors have appointed, or will appoint, an agent for the service of process in New York. It may be possible for investors to effect service of process within Bermuda and England and Wales upon those persons, the Issuer or the Guarantors provided that The Hague Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of November 15, 1965 and any relevant rules of court applicable in such jurisdictions are complied with.

Bermuda

There is no treaty in-force between the United States and Bermuda providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. As a result, whether a U.S. judgment would be enforceable in Bermuda against the Issuer and the Guarantors or their directors and officers depends on whether the U.S. court that entered the judgment is recognized by a Bermuda court as having jurisdiction over the Issuer and the Guarantors or their directors and officers, as determined by reference to Bermuda conflict of law rules and public policy.

With respect to enforcing a judgment obtained in respect of the Notes, a final and conclusive judgment in personam obtained in a foreign country's courts (including the United States) against a Bermuda company under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) may be the subject of enforcement proceedings in the Supreme Court of Bermuda under the common law doctrine of obligation by action on the debt evidenced by the foreign country court's judgment. We have also been advised by counsel in Bermuda that the current position with respect to judgments of the courts of the United States or any State (which may be subject to change) is that, on general principles, such proceedings would be expected to be successful provided that: (a) the United States or State court which gave the judgment was competent to hear the action in accordance with private international law principles as applied in Bermuda and (b) the judgment is not contrary to public policy in or of Bermuda, has not been obtained by fraud or in proceedings contrary to natural justice and is not based on an error in Bermuda law.

Furthermore, we have been advised by counsel in Bermuda that the Bermuda courts will not enforce a United States federal securities law that is either penal or contrary to the public policy of Bermuda. An action brought pursuant to a public or penal law, the purpose of which is the enforcement of a sanction, power or right at the instance of the state in its sovereign capacity, will not be entertained by a Bermuda court. Certain remedies available under the laws of United States jurisdictions, including certain remedies under United States federal securities laws, will not be available under Bermuda law or enforceable in a Bermuda court, as they would be contrary to Bermuda public policy. Further, no claim may be brought in Bermuda against us or our directors and officers in the first instance for violations of United States federal securities laws because these laws have no extraterritorial jurisdiction under Bermuda law and do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on us or our directors and officers if the facts alleged in a complaint constitute or give rise to a cause of action under Bermuda law. However, under section 281 of the Companies Act 1981 of Bermuda, where the Bermuda courts determine that our directors and officers are liable in respect of negligence, default, breach of duty or breach of trust, they may relieve them, either wholly or partly from their liability on such terms as the Bermuda courts think fit, if they determine that our directors and officers acted honestly and reasonably and ought to fairly be excused for the negligence, default, breach of duty or breach of trust, having regard to all the circumstances.

Based on the foregoing, we have been advised by counsel in Bermuda that there is no certainty as to the enforceability in Bermuda, either in original actions or in actions for enforcement of judgments of the courts of the

United States or any State regarding the enforcement of the notes, or of judgments predicated upon the civil liability provisions of the United States federal securities laws.

Cayman Islands

We have been advised by our Cayman Islands legal counsel that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against judgments relating to us issued by courts of the United States predicated upon the civil liability provisions of the securities laws of the United States or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the United States or any State, so far as the liabilities imposed by those provisions are penal in nature. In those circumstances, although there is no statutory enforcement in the Cayman Islands of judgments obtained in the United States, the courts of the Cayman Islands will recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without retrial on the merits based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the sum for which judgment has been given provided certain conditions are met. For a foreign judgment to be enforced in the Cayman Islands, such judgment must be final and conclusive and for a liquidated sum, and must not be in respect of taxes or a fine or penalty, inconsistent with a Cayman Islands judgment in respect of the same matter, impeachable on the grounds of fraud or obtained in a manner, and/or be of a kind the enforcement of which is, contrary to natural justice or the public policy of the Cayman Islands (awards of punitive or multiple damages may well be held to be contrary to public policy). A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere. There is recent Privy Council authority (which is binding on the Cayman Islands Court) in the context of a reorganization plan approved by the New York Bankruptcy Court which suggests that due to the universal nature of bankruptcy/insolvency proceedings, foreign money judgments obtained in foreign bankruptcy/insolvency proceedings may be enforced without applying the principles outlined above. However, a more recent English Supreme Court authority (which is highly persuasive but not binding on the Cayman Islands Court), has expressly rejected that approach in the context of a default judgment obtained in an adversary proceeding brought in the New York Bankruptcy Court by the receivers of the bankruptcy debtor against a third party, and which would not have been enforceable upon the application of the traditional common law principles summarized above and held that foreign money judgments obtained in bankruptcy/insolvency proceedings should be enforced by applying the principles set out above, and not by the simple exercise of the Courts' discretion. Those cases have now been considered by the Cayman Islands Court. The Cayman Islands Court was not asked to consider the specific question of whether a judgment of a bankruptcy court in an adversary proceeding would be enforceable in the Cayman Islands, but it did endorse the need for active assistance of overseas bankruptcy proceedings. Our Cayman Islands legal counsel has advised us that the Cayman Islands Court's decision in that case has been appealed, and it remains the case that the law regarding the enforcement of bankruptcy/insolvency related judgments is still in a state of uncertainty.

Colombia

We have been advised by our Colombian counsel that the Colombian Supreme Court determines whether to recognize a U.S. judgment predicated on the U.S. securities laws through a procedural system known under Colombian law as exequatur. Colombian courts will enforce a foreign judgment, without reconsideration of the merits, only if the judgment satisfies the requirements of Articles 605, 606 and 607 of Law 1564 of 2012 of the Code of Civil Procedure (Código General del Proceso), which provides that the Supreme Court of Justice will grant recognition to a foreign judgment if:

- a treaty exists between Colombia and the country where the judgment was granted related to the recognition and enforcement of foreign judgments or, in the absence of such treaty or convention there is reciprocity for the recognition of foreign judgments between the courts of the relevant jurisdiction and the courts of Colombia;

- the foreign judgment does not relate to in rem rights vested in assets that were located in Colombia at the time the suit was filed;

- the foreign judgment does not contravene or conflict with Colombian laws relating to public order other than those governing judicial procedures;

- the foreign judgment, in accordance with the laws of the country in which it was obtained, is final (res judicata) and not subject to appeal or judicial challenge;
- a duly legalized copy of the judgment (together with an official translation into Spanish if the judgment is issued in a foreign language) has been presented to the Colombian Supreme Court of Justice;
- the foreign judgment does not refer to any matter upon which Colombian courts have exclusive jurisdiction;
- no proceedings are pending in Colombia with respect to the same cause of action, and no final judgment has been awarded in any proceeding in Colombia on the same subject matter and between the same parties;
- in the proceeding commenced in the foreign court that issued the judgment, the defendant was served in accordance with the law of such jurisdiction and had an opportunity to defend itself against the action; and
- the exequatur requirements have been observed.

The United States and Colombia do not have a bilateral treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. The Colombian Supreme Court has generally accepted that reciprocity exists when it has been proven that either a U.S. court has enforced a Colombian judgment or that a U.S. court would enforce a foreign judgment, including a judgment issued by a Colombian court. However, such enforceability decisions are considered by the Colombian Supreme Court on a case-by-case basis.

Once the Supreme Court of Justice grants the exequatur to the relevant foreign judgment, the party seeking its enforcement can initiate a judicial collection claim before the competent local court.

Proceedings before Colombian courts are conducted in the Spanish language. Proceedings for the enforcement of a money judgment by attachment or execution against any assets or property located in Colombia fall within the exclusive jurisdiction of Colombian courts. In the exequatur proceedings, both the plaintiff and the defendant are granted the opportunity to request that evidence be collected in connection with the requirements listed above. In addition, before the judgment is rendered, each party may file final allegations in support of such party's position.

We cannot assure you that a Colombian court would enforce a U.S. based judgment with respect to the notes based on U.S. securities laws. We have been advised by our Colombian counsel that there should be no legal basis for original actions to be brought against us or our directors and officers in a Colombian court predicated solely upon the provisions of the U.S. securities laws. In addition, certain remedies available under provisions of the U.S. securities laws may not be admitted or enforced by Colombian courts on the basis of being contrary to public policy in Colombia.

England and Wales

The United States and England and Wales currently do not have a treaty between them providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. This is in contrast to arbitral awards, which are often easier to enforce under the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral awards, to which the UK is a signatory. Consequently, a final judgment for payment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities laws, would not automatically be recognized or enforceable in England and Wales. In order to enforce any such U.S. judgment in England and Wales, fresh proceedings must first be initiated before a court of competent jurisdiction in England and Wales. In such an action, an English court would not generally reinvestigate the merits of the original matter decided by the U.S. court (subject to what is said below) and it would usually be possible to obtain summary judgment on such a claim (assuming that there is no good defense to it). Summary judgment is a procedure by which the English court can dispose of all or part of a claim without proceeding to a full trial. Recognition and enforcement of a U.S. judgment by an English court in such an action may be conditional upon (among other things) the following:

- the U.S. court having had jurisdiction over the original proceedings according to English conflicts of laws principles and rules of English private international law (in other words, it does not matter that the U.S. court had jurisdiction according to its own law, but instead whether it had jurisdiction according to the rules of English private international law);
- the U.S. judgment not having been given in breach of a jurisdiction or arbitration clause;
- the U.S. judgment being final and conclusive on the merits in the sense of being final and unalterable in the court which pronounced it and being for a debt for a definite sum of money;
- the U.S. judgment not contravening English public policy, the European Convention on Human Rights or the Human Rights Act 1998 (or any subordinate legislation made thereunder, to the extent applicable);
- the U.S. judgment not being for a sum payable in respect of taxes, or other charges of a like nature, or in respect of a penalty or fine, or otherwise involving the enforcement of a non-English penal or revenue law. A US injunction, for example, cannot be enforced by an English court;
- the U.S. judgment not having been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damages sustained and not being otherwise in breach of the Protection of Trading Interests Act 1980;
- the U.S. judgment not having been obtained by fraud or in breach of English principles of natural justice (meaning, for example, that the defendant had due notice and an opportunity to be heard);
- there not having been a prior inconsistent, determinative or conflicting judgment of an English or other non-U.S. court in respect of the same matter involving the same parties and/or prior inconsistent judgment given in a Hague Convention member state of the European Union or a Member State which the English Court must recognize and enforce under the Hague Convention Choice of Court Agreements of June 30, 2005 and/or Council Regulation (EC) 1215/2012 and/or the Lugano Conventions of 1988 and 2007;
- the U.S. judgment not having been wholly satisfied or not being enforceable by execution in the U.S.;
- the party seeking enforcement providing security for costs, if ordered to do so by the English court; and
- the English enforcement proceedings being commenced within six years from the date of the U.S. judgment.

Subject to the foregoing, investors may be able to enforce judgments in England and Wales in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in England and Wales. In addition, it is questionable whether an English court would accept jurisdiction and impose civil liability if proceedings were commenced in England and Wales, instead of the United States, in an original action predicated solely upon U.S. federal securities laws. Further, it may not be possible to obtain a judgment in England and Wales or to enforce the judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any setoff or counterclaim against the judgment creditor. Finally, note that, in any enforcement proceedings, the judgment debtor may raise any counterclaim that could have been brought if the action had been originally brought in England and Wales unless the subject of the counterclaim was in issue and denied in the U.S. proceedings.

Panama

We have been advised by our Panamanian counsel, Arias, Fábrega & Fábrega, that no treaty exists between the United States and Panama for the reciprocal enforcement of foreign judgments and that there is doubt as to the enforceability, in original actions in Panamanian courts, of liabilities predicated solely on United States federal securities laws and as to the enforceability in Panamanian courts of judgments of United States courts obtained in

actions predicated upon the civil liability provision of the United States federal securities laws. In any case, judgments of courts outside Panama, including but not limited to judgments of United States courts, may only be recognized and enforced by the courts of Panama in the event that the Supreme Court of Panama validates the judgment by issuing a writ of exequatur. Subject to a writ of exequatur, any final money judgment rendered by any foreign court will be recognized, conclusive, and enforceable in the courts of Panama without reconsideration of the merits, provided that (i) such foreign court grants reciprocity to the enforcement of judgments of courts of Panama, (ii) the party against whom the judgment was rendered, or its agent, was personally served (service by mail not being sufficient) in such action within such foreign jurisdiction, (iii) the judgment arises out of a personal action against the defendant, (iv) the obligation under the judgment is lawful in Panama and does not contradict the public policy of Panama, (v) the judgment, in accordance with the laws of the country where it was rendered, is final and not subject to appeal, (vi) the judgment is properly authenticated by diplomatic or consular officers of Panama, or pursuant to the 1961 Hague Convention on the legalization of documents, and (vii) a copy of the final judgment is translated into Spanish by a licensed translator in Panama.

Switzerland

Our Swiss counsel has advised us that a U.S. judgment may be recognized and enforced upon request by the courts of Switzerland in accordance with articles 25-32 of the Swiss Federal Act on Private International Law ("PILA"). In cases where a U.S. money judgment shall be enforced, the Swiss Federal Act on Debt Enforcement and Bankruptcy and the Swiss Code of Civil Procedure apply in addition to the PILA.

A U.S. judgment may be recognized and enforced upon request by the courts of Switzerland if certain requirement of PILA are met, in particular, that:

- the foreign court rendering the decision had jurisdiction;
- the judgment of such foreign court has become final and is no longer subject to ordinary appeal;
- the recognition of the foreign judgment is not manifestly contrary to Swiss public policy;
- the counterparty has been properly served with process according to the law of the state of his/her/its domicile or ordinary residence (if in Switzerland, through judicial aid granted by the Swiss authorities) unless such counterparty has proceeded on the merits without reservation;
- the proceedings leading to the judgment have respected the fundamental principles of Swiss procedural law and, in particular, the counterparty has been granted the right to be heard and the possibility to properly defend his/her/its case; and
- no prior action between the same parties and on the same subject matter has been commenced or decided in a Swiss court and no judgment between the same parties and on the same subject matter has been first rendered by a foreign court, which judgment may be recognized in Switzerland.

Further, valid submission to the jurisdiction of a foreign court, in particular of a U.S. court or authority, is established (i) if a provision of the PILA so provides or, in the absence of such provision, the defendant had his legal domicile in the country in which the decision was rendered; or (ii) if parties who, in a pecuniary dispute, entered into an agreement valid under PILA, submitted their dispute to the jurisdiction of the court or authority which rendered the judgment; or (iii) if the defendant, in a pecuniary dispute, proceeded on the merits without objecting to jurisdiction; or (iv) if, in the event of a counterclaim, the court or authority which rendered the decision had jurisdiction over the principal claim and there is a factual connection between the principal claim and the counterclaim. It is uncertain whether this practice extends to default judgments as well.

Moreover, a Swiss court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. The judgment of a Swiss court or authority of first instance concerning recognition and enforcement of a foreign judgment, including a U.S. judgment, is generally subject to appeal (on the cantonal level as well as on the federal level).

Subject to the foregoing, purchasers of the Notes may be able to enforce in Switzerland judgments in civil and commercial matters obtained from United States federal or state courts; however, we cannot assure you that those judgments will be in any case enforceable. It is doubtful whether a Swiss court would accept jurisdiction and impose civil liability if proceedings were commenced in Switzerland instead of in the United States and predicated solely upon U.S. federal or state securities laws. In addition, in an action brought in a Swiss court on the basis of U.S. federal or state securities laws, the Swiss courts may not have the requisite power to grant the remedies sought. Awards of punitive damages or other type of penalty awarded in original actions outside Switzerland may also not be enforceable in Switzerland. Swiss civil procedure differs substantially from U.S. civil procedure in a number of respects. Insofar as the production of evidence is concerned, U.S. law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may prior to trial compel the production of documents by adverse or third-parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pretrial discovery process exists under Swiss law. No statement can be made as to the time and efficiency of the recognition and enforcement in Switzerland of a foreign judgment considering that recognition and enforcement proceedings tend to be time consuming in Switzerland.

Under Swiss law, any amount denominated in a foreign currency which has to be enforced through Swiss debt collection authorities (*schweizerische Zwangsvollstreckungsbehörden*) has to be converted into Swiss francs.

In case of enforcement in Switzerland the Swiss courts or any other official Swiss authority may require that the transaction documents and any judgment obtained in a foreign court be translated into one of the official languages of Switzerland.

The instruction and appointment of an agent and any power of attorney may be revoked at any time under Swiss law notwithstanding the appointment, instruction or power of attorney being said to be irrevocable and any mandate may, as a matter of statutory Swiss law, be terminated at any time by each party to the mandate.

Judicial documents may not be served directly from abroad, including from the United States of America, to a person in Switzerland (see Switzerland's reservations to the Hague Convention on Service Abroad of Judicial or Extra-Judicial Documents in Civil and Commercial Matter concluded on November 15, 1965). Instead, service needs to be effected by way of judicial assistance.

CERTAIN INSOLVENCY LAW CONSIDERATIONS AND ENFORCEMENT LIMITATIONS

The following is a summary of certain limitations on the validity and enforceability of the guarantees being provided for the Notes and a summary of certain insolvency law and other local law considerations in each of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized. It is a summary only and proceedings of bankruptcy or insolvency or similar events could be initiated in any of the jurisdictions in which the Issuer and the Guarantors are incorporated or organized and in the jurisdiction of incorporation or organization of a future Guarantor, as well as other jurisdictions. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes and the Guarantees being provided for the Notes. In the event that any one or more of the Issuer, the Guarantors or any of their respective subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. The description below does not purport to be complete or to discuss all of the limitations or considerations that may affect the validity and enforceability of the Notes or the Guarantees being provided for the Notes. Prospective investors should consult their own legal advisors with respect to such limitations and considerations. See "Risk Factors—Risks Related to the Notes and Our Indebtedness—Insolvency laws of jurisdictions outside the United States may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the Notes from recovering payments due under the Notes."

Bermuda

Several of the guarantors are incorporated under the laws of Bermuda. Bermuda is a self-governing overseas territory of the United Kingdom, with a legal system based upon the English legal system.

Where issues of common law in Bermuda have not been expressly considered by the Bermuda courts, the Bermuda courts often find assistance in the consideration of such issues in reasoned judgments of the English courts, as well as the courts of other common law jurisdictions, where appropriate. Their persuasiveness depends on the strength of the judicial reasoning and the standing of the judge who issued the decision. The Judicial Committee of the Privy Council sitting in London is the highest appellate court for Bermuda and decisions of that Committee are formally binding upon Bermuda courts.

The following is a summary of the law and procedure under the Bermuda Companies Act 1981 (as amended) (the "Act") in so far as it relates to liquidations of Bermuda companies. The relevant sections of the Act can be found in Part XIII, and the corresponding rules are set out in the Companies (Winding Up) Rules 1982 (the "Rules").

Bermuda's insolvency regime is generally premised upon the concept of *pari passu* distribution of assets amongst the unsecured creditors of the insolvent company, subject to the rights of secured creditors of that company to enforce their security interests. An insolvent Bermuda company may be the subject in Bermuda of winding up proceedings. In the context of insolvency, the other proceedings that may be used in Bermuda are a scheme of arrangement or receivership, but these are not exclusive to insolvency.

Procedure for a Court Ordered Winding Up

There are two types of insolvent liquidations in Bermuda: voluntary and compulsory. The former is commenced by the company itself (which can be on a solvent or insolvent basis and will require a resolution of the members and, if the company is insolvent, a creditors' resolution). Compulsory liquidations are commenced by way of a petition presented to the Supreme Court of Bermuda ("Court") by the company, its creditors or shareholders, upon which the Court will be asked to make a winding up order. There are a number of circumstances in which a company may be wound up by the Court (section 161 of the Act), the most common of which is when the company is unable to pay its debts (section 161(e) of the Act).

In the case of a Bermuda company's inability to pay its debts, the petition can be presented by either the company, a creditor or contributory member (although this is limited to situations where the member continues to have an economic interest, e.g. they are liable to contribute in the event of a liquidation or the company may be solvent and capable of paying members). For the purpose of this section, "creditor" includes a contingent or prospective creditor (section 163 of the Act). The petitioner must show that the company is unable to pay its debts.

The Registrar of Companies ("Registrar") may also present a petition in circumstances where it would be just and equitable to wind up the company.

A Bermuda company will be deemed to be unable to pay its debts if (section 162 of the Act):

(i) a creditor, by assignment or otherwise, to whom the company is indebted in a sum exceeding five hundred dollars then due, has served on the company, by leaving it at the registered office of the company, a demand requiring the company to pay the sum so due and the company has for three weeks thereafter neglected to pay the sum or to secure or compound for it to the reasonable satisfaction of the creditor;

(ii) the execution or other process issued on a judgment, decree or order of any court in favor of a creditor of the company is returned unsatisfied in whole or in part; or

(ii) it is proved to the satisfaction of the Court that the company is unable to pay its debts. In determining whether a company is unable to pay its debts, the Court will take into account the contingent and prospective liabilities of the company.

The petition when presented must be verified by an affidavit. The date of the hearing of the petition must be advertised, and before an order is made the Court, through the Registrar, must be satisfied that the procedural requirements relating to service and advertising have been complied with. Any creditor or contributory can appear on the day of the hearing of the petition provided that they have filed prior notice of their intention to do so, and in the event that they wish to contest the petition, have filed affidavit evidence prior to the hearing setting out the basis of their objection to an order being made.

In respect of any petition, whatever the basis, either before (in special circumstances), or upon, a winding up order being made, a provisional liquidator is appointed and the rights and duties of the directors (or sole director, as the case may be) cease. Upon the making of a winding up order, or upon the appointment of a provisional liquidator, no actions may be commenced or continued against the company without leave of the Court. This automatic stay does not extend beyond Bermuda and if there are proceedings against the company in a jurisdiction outside Bermuda, relief in that jurisdiction would need to be sought to obtain a stay.

The liquidator is required to collect in the assets and distribute them *pari passu* amongst unsecured creditors. The steps to be undertaken in this procedure include the following:

- calling for a statement of affairs to be prepared by the company's former officers and directors which sets out the financial position of the company; and
- calling the first meetings of creditors and contributories.

This is required to be done within a month of the winding up order, but further time can be obtained by application to the Court. The purpose of the meetings is to appoint liquidator(s) and, if desired by creditors, a committee of inspection. The committee acts as an advisory "board" to the liquidator and can sanction certain of the liquidators' actions which would otherwise need to be sanctioned by the Court. In the event that the creditors and contributories cannot agree on the nomination of a liquidator, the Court will decide which candidate to appoint. In any event the appointment of the liquidator and the committee must be made by the Court following the first meetings. For the purpose of voting at the first meeting proofs of debt will be called for, but a creditor can only vote in respect of that portion of its claim that is liquidated.

Secured creditors may realize their security outside the estate; accounting to the liquidator for any excess or filing a proof of claim as an unsecured creditor for any shortfall.

There are preferential creditors:

- employees working in Bermuda are entitled to their full contractual rights on termination (Employment Act 2000);

- employees employed outside of Bermuda (subject to a maximum per employee); and
- the government of Bermuda with respect to certain taxes, etc. (section 236 of the Act) who will be paid in full prior to the distribution to unsecured creditors.

Expenses of the liquidation will be deducted from the available funds prior to the payment of any preferential creditors (rule 140 of the Rules).

The liquidator will call for proofs of claim from creditors and adjudicate each claim to determine if it is valid. Once this process has been completed, they will make a dividend distribution to all unsecured creditors *pari passu*.

That is, in its simplest form, the process. The liquidator's general powers are set out in section 175 of the Act. However, there are a number of matters which may also arise or require to be investigated by the liquidator as follows:

- the liquidator is entitled to the entirety of the books and records and property of the company (section 186 of the Act) and to aid them in this can apply to the Court to examine on oath anyone suspected of having property or information (section 195 of the Act);
- no proceedings can be commenced or continued against the company once an order has been made or liquidator appointed (section 167 of the Act);
- any dispositions of the company's property or transfer of shares are void if carried out following the presentation of the petition without a court order (section 166 of the Act);
- transactions involving payments to creditors within 6 months prior to the petition being presented may be set aside if made with the dominant intention of preferring those creditors over others (section 237 of the Act);
- directors and officers may be liable for debts of the company personally if it is determined that they carried on the business of the company knowing it was insolvent and with the intent to defraud creditors (section 246 of the Act); and
- the liquidator has the power to investigate the affairs of the company and to determine and, if felt necessary, take action against directors for breach of duty (Directors duties are set out in section 97 of the Act).

Under the provisions of the Act, certain transactions, including payments to creditors, within six months prior to the commencement of liquidation may be held invalid if the transactions were made with the dominant intention of preferring those creditors over others. In addition, any disposition of the property of a Bermuda company made after the commencement of a court-ordered winding-up is, unless the Court orders otherwise, void. Any person that is knowingly party to the carrying on the business of a Bermuda company with intent to defraud creditors of the company or of any other person, or for any fraudulent purpose, may be personally liable for the debts or other liabilities of the company.

Under the provisions of the Conveyancing Act 1983, as amended, certain dispositions of a company's property are voidable if the (i) disposition was made with the dominant purpose of putting the property out of the reach of creditors and (ii) an obligation to the person seeking to set the disposition aside existed at the time of the disposition or was reasonably foreseeable at that time or arises within 2 years of that date. The limitation period on such dispositions is six years from the transfer, or, if later, from the time when the obligation arose or cause of action accrued.

Any floating charge created within 12 months immediately preceding commencement of a winding-up shall, except to the amount of any cash paid to the company at the time of or after the creation of, and in consideration for, the charge, be invalid unless it is proved that the company was solvent immediately after the creation of the charge (section 239 of the Act).

The liquidator has the right to apply to the Court to disclaim a contract which he considers onerous on the company or which is unprofitable or unsaleable (section 240 of the Act).

Set-off of debts is permissible upon the commencement of winding-up of an insolvent Bermuda company, but only in respect of mutual dealings subsisting at the commencement of winding-up. If there is a net balance after the set-off, such sums may be claimed in the liquidation.

There are of course numerous other procedural requirements involved in the process of winding up prior to, during and at the completion of the liquidation. Accounts are required to be filed, books kept and rules relating to proofs of debt followed. The interpretation of the various sections listed above has been developed over the years in case law in the United Kingdom (from which country most of Bermuda law is derived).

Cayman Islands

When a winding-up order is made by the Cayman Islands Court (the "Court") or a voluntary winding-up is subject to Court supervision (i.e., in an official liquidation), an automatic moratorium on litigation against the company is imposed—that is, proceedings may not be commenced against the company without the express permission of the Court. Dispositions of property, transfers of shares and alterations in the status of shareholders are void in an official liquidation, unless the Court orders otherwise. The moratorium does not prevent a secured creditor from realizing its security, nor does it affect any valid rights of set-off or subordination agreements acquired or entered into before the commencement of the official liquidation.

It is a fundamental rule of Cayman Islands insolvency law that all ordinary unsecured and unsubordinated creditors are treated equally irrespective of the nature of their claims. This is referred to as the pari passu rule. This rule applies in relation to ordinary unsecured and unsubordinated creditors existing as at the date of the presentation of the winding-up petition, or whose claims arise out of causes of action that accrued before the date of the presentation of the winding-up petition. Generally speaking a creditor having a validly created security interest over property of a company in liquidation is entitled to enforce his security without reference to the official liquidators and without the leave of the Court.

The interest of a secured party will rank after (i) any prior legal or perfected equitable interest in the secured property and (ii) any later legal interest in the secured property created in favor of a bona fide purchaser or mortgagee for value without notice of the security interest.

Preferred creditors under Cayman Islands law will rank ahead of unsecured creditors of a company. Preferred creditors under the Companies Act (As Revised) will rank ahead of unsecured creditors and secured creditors where the secured creditors' security is in the nature of a floating charge. Furthermore, all costs, charges and expenses properly incurred in the voluntary winding up of a company, including the remuneration of the liquidators, are payable out of the assets of the company in priority to all other unsecured claims.

Under Cayman Islands law there is no statutory or common law rule which prohibits a company from giving financial assistance to any person for the acquisition of the company's shares. The directors of the company must ensure the transaction is in the best interests of the company and is carried out on a proper commercial basis, otherwise the transaction may be impugned on the basis of breach of fiduciary duty.

Enforcement against a Cayman Islands company may be limited by section 86 of the Companies Act (As Revised) which provides that a compromise or arrangement between a company and its creditors or any class of them shall, if sanctioned by the Court, be binding on all the creditors or a class of creditors. If there are creditors who form a class, the class will be bound by the scheme if a majority representing 75% in value of the class who attended (whether in person or by proxy) and voted, approved the scheme. Cayman Islands authority suggests that a class is constituted by "those persons whose rights are not so dissimilar as to make it impossible for them to consult together with a view to their acting in their common interest." Two or more creditors are likely to constitute separate classes in a compromise or arrangement if they hold security over different assets or hold security over the same asset but do not rank equally.

Enforcement may be limited by section 99 of the Companies Act (As Revised) which provides that, when a winding up order has been made, any disposition of the company's property and any transfer of shares or alteration

in the status of the company's members made after the commencements of the winding up shall, unless the court otherwise orders, be void.

Although there is no published decision of a Cayman Islands court, English authority (which would be regarded as persuasive but not binding in the Cayman Islands) holds that a secured creditor will be permitted to enforce his security.

Section 97 of the Companies Act (As Revised) provides:

(i) "when a winding up order is made or a provisional liquidator is appointed no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the company except with the leave of the Court and subject to such terms as the Court may impose; and

(ii) when a winding up order has been made, any attachment, distress or execution put in force against the estate or effects of the company after the commencement of the winding up is void."

However, Section 142(1) of the Companies Act (As Revised) confirms that, notwithstanding that a winding up order has been made, a creditor who has security over the whole or part of the assets of a company is entitled to enforce his security without the leave of the Court and without reference to the liquidator.

It should also be noted that Section 96 of the Companies Act (As Revised) provides that a court in the Cayman Islands may at any time after the presentation of the petition for the winding up of a company and before the making of a winding up order where proceedings are pending in the Cayman Islands courts or the Privy Council or in a foreign court restrain such proceedings accordingly "on such terms as the Court thinks fit." In practice, the scope and effect of the stay under Section 96 is the same as Section 97.

A liquidator may at any time give notice to a creditor whose debt is secured that he proposes, at the expiration of 28 days from the date of the notice, to redeem the security at the value put upon it in the creditor's proof.

Section 145 of the Companies Act (As Revised) provides that any disposition of a company's property is invalid as a voidable preference if the company is insolvent at the time of such disposition and the company commences winding up within six months of such disposition and such disposition is made, incurred, taken or suffered by the company in favor of a creditor with a view to giving that creditor a preference over the other creditors of the company.

Every disposition of property made with intent to defraud and at an undervalue shall be voidable at the instance of the official liquidator or the creditor thereby prejudiced.

England and Wales

Certain of the Guarantors are incorporated under the laws of England and Wales (together, the "English Obligors"). Note that Scotland and Northern Ireland are separate jurisdictions and appropriate advice should be obtained wherever Scottish or Northern Irish debtors or assets are involved.

Insolvency Law

While the UK was a member state of the EU, insolvency processes opened in the UK were subject to both EU and applicable UK domestic legislation. Following the UK's departure from the EU on 31 January 2020 and the expiry of the subsequent transition period (the "Transition Period") on 31 December 2020, in accordance with the European Union (Withdrawal) Act 2018 (the "EUWA") (as amended by the European Union (Withdrawal Agreement) Act 2020) EU law as directly applicable in the UK at the end of the Transition Period (subject to certain exceptions) was transposed into UK domestic law subject to significant amendments. The Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) (as amended) effected key amendments to both EU insolvency laws previously directly applicable in the UK, including the Insolvency Regulation 2000 and EC Regulation No. 2015/848 on Insolvency Proceedings (the "Recast Insolvency Regulation"), and domestic insolvency laws, including the Insolvency Act 1986 (the "Insolvency Act"), the Insolvency (England and Wales) Rules 2016 (SI

2016/1024) (the "Insolvency Rules") and the Cross-Border Insolvency Regulations 2006 (SI 2006/1030) (the "Cross-Border Insolvency Regulations").

Unless insolvency proceedings or certain related proceedings were opened prior to the expiry of the Transition Period, in which case the unmodified Recast Insolvency Regulation and related EU insolvency legislation govern the proceedings, insolvency proceedings with respect to an English Obligor would likely proceed under, and be governed by, English insolvency laws in force at the time of commencement of the relevant proceedings. However, to the extent that an English Obligor has its "centre of main interests" ("COMI") in a member state of the EU, insolvency proceedings could, pursuant to the Recast Insolvency Regulation and subject to certain exceptions, be opened in the relevant EU member state and be subject to the laws of that EU member state. In addition, pursuant to the Cross-Border Insolvency Regulations, certain foreign courts may have jurisdiction to oversee insolvency proceedings of an English Obligor that has its COMI or an "establishment" (being a place of operations where it carries out a non-transitory economic activity with human means and assets or services) in such foreign jurisdiction.

Although the scope of the English courts' jurisdiction varies for the different insolvency proceedings available in England and Wales, English courts generally have jurisdiction to open insolvency proceedings in respect of any company which has its COMI in the UK or which has its COMI in an EU member state (other than Denmark) and an "establishment" in the UK. An "establishment" is defined to mean any place of operations where the company carries out or has carried out in the three-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. While this allows English courts to assume jurisdiction over certain foreign companies in respect of certain insolvency proceedings, the efficacy of such proceedings will significantly depend on the likelihood and extent of subsequent recognition of such proceedings in relevant other jurisdictions (see "*Cross-border recognition of English insolvency and restructuring proceedings*" below).

English insolvency law is different to the laws of the United States and other jurisdictions with which investors may be familiar. In the event that an English Obligor experiences financial difficulty, it is not possible to predict with certainty the outcome of insolvency or similar proceedings. The obligations under the Notes are guaranteed by the guarantees. English insolvency laws and related considerations could affect the enforceability of a guarantee of the Notes granted by any other English Obligor.

The following is a brief description of certain aspects of English insolvency law relating to such limitations. The application of these laws could adversely affect investors, their ability to enforce their rights under the guarantees of the Notes and therefore may limit the amounts that investors may receive in an insolvency of any English Obligor.

Administration

English insolvency statutes empower English courts to make an administration order in respect of any company within their general jurisdiction (see "*Insolvency law*" above), any company incorporated in England, Wales, Scotland or an EEA State (being any state that is a Contracting Party to the Agreement on the European Economic Area signed at Oporto on 2 May 1992 as adjusted by the Protocol signed at Brussels on 17 March 1993), any company (irrespective of its country of incorporation) with its COMI in the UK or an EU member state (other than Denmark) and upon request from courts in other parts of the United Kingdom or certain other countries and territories. In each case and subject to specific conditions, an administration order can be made if the court is satisfied that (a) the relevant company is or is likely to become "unable to pay its debts" and (b) the administration order is reasonably likely to achieve the purpose of administration.

A company is unable to pay its debts if it is insolvent on a "cash flow" basis (unable to pay its debts as they fall due) or if it is insolvent on a "balance sheet" basis (the value of the company's assets is less than the amount of its liabilities, taking into account its contingent and prospective liabilities), as per Section 123 of the Insolvency Act. Such insolvency is presumed if, among other matters, the company fails either to satisfy a creditor's statutory demand for a debt exceeding £750 within 21 days of service or to satisfy in full or in part a judgment debt (or similar court order).

The purpose of an administration is comprised of three parts that must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's

creditors as a whole than would be likely upon immediate liquidation or, if neither of those objectives is reasonably practicable and the interests of the creditors as a whole are not unnecessarily harmed thereby, realizing property to make a distribution to one or more secured or preferential creditors. The order of priority which applies to any distribution to creditors is set out below (see "*Priority on insolvency*" below).

Without limitation and subject to specific conditions, the debtor company or the directors of such company may also appoint an administrator out of court. Further, the holder of a "qualifying floating charge" which has become enforceable would also be entitled to appoint an administrator out of court; however, as no such security is being given to support any guarantees of the Notes provided by any English Obligor this will not apply to the holders of the Notes but another creditor holding such a charge could have this right. Different appointment procedures apply according to the identity of the appointor.

An administrator is given wide powers to conduct the business of the company to which they are appointed and, subject to certain requirements under the Insolvency Act, dispose of the property of a company in administration (including property subject to a floating charge); no such floating charge is being given at closing to support any guarantees of the Notes provided by any English Obligor.

In addition, certain rights of creditors, including secured creditors, are curtailed in an administration. Upon the appointment of an administrator, a statutory moratorium is imposed and no step may be taken to enforce security or a guarantee over the company's property except with the consent of the administrator or leave of the court (although a demand for payment could be made under a guarantee granted by the company). The same requirements for consent or permission apply to the institution or continuation of legal process (including legal proceedings, execution, distress and diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave in light of the hierarchy of statutory objectives of administration described above.

However, certain creditors of a company in administration may, in certain defined circumstances, be able to realize their security over certain of that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to any security interest created or otherwise arising under a "financial collateral arrangement" (generally, a charge over cash or financial instruments such as shares, bonds or tradeable capital market debt instruments and credit claims) under the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "Financial Collateral Regulations").

Accordingly, if any English Obligor were to enter into administration, that English Obligor's payment obligations may not be enforceable without the permission of the court or consent of the administrator while the relevant company was in administration. There can be no assurance that the Trustee would obtain such permission of the court or consent of the administrator.

Scheme of arrangement

Although not an insolvency proceeding, pursuant to Part 26 of the Companies Act 2006 the English courts have jurisdiction to sanction a scheme of arrangement that effects a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). An English Obligor may be able to pursue a scheme in respect of its financial liabilities. In addition, a foreign Guarantor which (a) is liable to be wound up under the Insolvency Act and (b) has a "sufficient connection" to England and Wales could also pursue a scheme, provided it can be shown to the satisfaction of the court that the scheme of arrangement would be recognized in the jurisdictions in which the company has its main assets or operations. In practice, a foreign company is likely to satisfy the first limb of this test and the second limb has been found to be satisfied where, amongst other things, the company's COMI is in England, the company's finance documents are English law governed or the company's finance documents have been amended in accordance with their terms to be governed by English law. Ultimately, each case will be considered on its particular facts and circumstances so previous cases will not necessarily determine whether or not any of the grounds of the second limb are satisfied in the present case.

Before the court considers the sanction of a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes, depending on the rights of such creditors that will be affected by the proposed scheme and any new rights that such creditors are given under the scheme. Such compromise can be proposed by the company or its creditors. If a majority in

number representing 75% or more by value of those creditors present and voting at the meeting(s) of each class of creditors vote in favour of the proposed scheme, irrespective of the terms and approval thresholds contained in the finance documents, then that scheme will (subject to the sanction of the court) be binding on all affected creditors, including those affected creditors who did not participate in the vote and those who voted against the scheme. The scheme then needs to be sanctioned by the court at a sanction hearing where the court will review the fairness of the scheme and consider whether it is reasonable. The court has discretion as to whether to sanction the scheme as approved, make an order conditional upon modifications being made or reject the scheme.

Unlike an administration proceeding, the commencement of a scheme of arrangement does not automatically trigger a moratorium of claims or proceedings.

Restructuring plan

Like a scheme of arrangement, a restructuring plan is a corporate law process under Part 26A of the Companies Act 2006 which allows the English courts to effect a compromise of a company's liabilities between a company and its creditors (or any class of its creditors). While generally available to the same domestic and foreign companies as schemes of arrangement, a company seeking to enter into a restructuring plan process must show that (a) it has encountered, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, and (b) a compromise or arrangement has been proposed between the company and its creditors (or any class of them) whose purpose it is to eliminate, reduce or prevent, or mitigate the effect of, any of those financial difficulties. A recent English judgment (February 2021) has determined that the financial difficulty threshold means a restructuring plan is classified as an insolvency process for the purposes of the bankruptcy exclusion to the Lugano Convention 2007. The extent of the effects of such judgment is not yet known but will likely affect international recognition of restructuring plans.

A restructuring plan may be proposed by the debtor company, any creditor of the company or any liquidator or administrator appointed to the company. As with a scheme of arrangement, affected creditors will vote on the proposed compromise or arrangement in respect of their claims in a single class or in a number of classes depending on the rights of such creditors which will be affected by the proposed restructuring plan and any new rights that such creditors are given under the restructuring plan.

A restructuring plan will be deemed to be approved if at least 75% in value of the creditors present and voting at the meeting of at least one class of creditors vote in favour of the proposed compromise; there is no requirement for the approving creditors to constitute a majority in number of those creditors present and voting, and there is crucially no requirement for each and every voting class to approve of the plan, provided that the court is satisfied that (a) none of the members of a dissenting class would be any worse off if the restructuring plan were to be sanctioned than they would be in the event of the 'relevant alternative' and (b) the restructuring plan was approved by at least one class of creditors who would receive a payment or have a genuine economic interest in the company in the event of the 'relevant alternative'. The 'relevant alternative' for the purposes of this assessment is whatever the court considers would be most likely to occur in relation to the company if the restructuring plan were not sanctioned. By virtue of these mechanics, the restructuring plan process provides for the possibility of a 'cross-class cram-down', meaning the courts may sanction a restructuring plan even if one or more classes of affected creditors do not vote in favour of the restructuring plan, effectively allowing the vote of one class of stakeholders to bind other classes.

Following approval of the restructuring plan at the creditor meeting(s), the restructuring plan needs to be sanctioned by the court at a sanction hearing where the court will review whether the applicable statutory conditions have been met and consider whether the restructuring plan is just and equitable. The court has discretion as to whether to sanction the restructuring plan as approved, make an order conditional upon modifications being made or reject the restructuring plan. Courts are likely to pay particular attention to the fairness and equity of any cross-class cram-down effected by the proposed arrangement. Once sanctioned, the restructuring plan binds all affected stakeholders whose rights will be as set out in the restructuring plan.

As with schemes of arrangement, the commencement of a restructuring plan process does not automatically trigger a moratorium of claims or proceedings.

Company voluntary arrangement

English courts are empowered to oversee company voluntary arrangements in respect of companies within their general jurisdiction (see "*Insolvency law*" above) and companies incorporated in England, Wales, Scotland or an EEA State or with their respective COMI in the UK or an EU member state (other than Denmark).

Pursuant to Part I of the Insolvency Act, a company (by its directors or its administrator or liquidator, as applicable) may propose a company voluntary arrangement to the company's shareholders and creditors which entails a compromise, or other arrangement, between the company and its creditors, typically a rescheduling or reducing of the company's debts. Provided that the proposal is approved by the requisite majority of creditors by way of a decision procedure, it will bind all unsecured creditors who were entitled to vote on the proposal. A company voluntary arrangement cannot affect the right of a secured creditor to enforce its security, except with its consent.

In order for the company voluntary arrangement proposal to be passed, it must be approved by at least 75% (by value) of the company's creditors who respond in the decision procedure, and no more than 50% (by value) of unconnected creditors may vote against it. Secured debt cannot be voted in a company voluntary arrangement, however, a secured creditor may vote to the extent that its claims are under secured. A secured creditor who proves in the company voluntary arrangement for the whole of its debt may be deemed to have given up its security.

Unlike an administration proceeding, a company voluntary arrangement does not automatically trigger a moratorium of claims or proceedings.

Liquidation/winding-up

Liquidation is a company dissolution procedure under which the assets of a company are realized and distributed by the liquidator to creditors in the statutory order of priority prescribed by the Insolvency Act (see "*Priority on insolvency*" below). There are two forms of winding-up: (a) compulsory liquidation, by order of the court; and (b) members' voluntary liquidation or creditors' voluntary liquidation, in each case by resolution of the company's members. The difference between the two latter proceedings is the solvency of the company in question; in a members' voluntary liquidation, the directors of the company swear a statutory declaration as to the company's solvency over the following 12 months whereas the primary ground for the compulsory liquidation of an insolvent company is that it is unable to pay its debts (as defined in Section 123 of the Insolvency Act—see "*Administration*" above). Note that while a creditors' voluntary liquidation (other than as an exit from administration) is initiated by a resolution of the members, not the creditors, once in place the process is subject to some degree of control by the creditors. Whereas compulsory liquidation and creditors' voluntary liquidation proceedings are available to foreign companies with sufficient nexus to the UK in addition to companies within the English courts' general jurisdiction (see "*Insolvency law*" above), members' voluntary liquidation proceedings are only available to companies registered in England, Wales or Scotland.

The effect of a compulsory winding-up differs in a number of respects from that of a voluntary winding-up. In a compulsory winding-up, under Section 127 of the Insolvency Act any disposition of the relevant company's property made after the commencement of the winding-up is, unless sanctioned by the court, void. However, this will not apply to any property or security interest subject to a disposition or created or otherwise arising under a "financial collateral arrangement" under the Financial Collateral Regulations and will not prevent a close-out netting provision taking effect in accordance with its terms. Subject to certain exceptions, when an order is made for the winding-up of a company by the court, it is deemed to have commenced at the time of the presentation of the winding-up petition. Once a winding-up order is made by the court, a stay of all proceedings against the company will be imposed. No action or proceeding may be continued or commenced against the company without permission of the court and subject to such terms as the court may impose although there is no freeze on the enforcement of security.

In the context of a voluntary winding-up, however, there is no equivalent to the retrospective effect of a winding-up order; the winding-up commences on the passing of the resolution to wind up. As a result, there is no equivalent of Section 127 of the Insolvency Act. There is also no automatic stay in the case of a voluntary winding-up—it is for the liquidator, or any creditor or contributory of the company, to apply for a stay to prevent the continuation of legal proceedings and enforcement of security.

A liquidator has the power to bring or defend legal proceedings on behalf of the company, to carry on the business of the company as far as it is necessary for its beneficial winding-up, to sell the company's property and execute documents in the name of the company and to challenge antecedent transactions (see "*Avoidance of Transactions*" below).

In light of the coronavirus pandemic, legislation has been introduced which temporarily restricts the ability of creditors to present winding-up petitions and of courts to grant winding-up orders. While these measures remain in place, (a) winding-up petitions on the basis of a company's inability to satisfy statutory demands alone are void if the relevant statutory demands were served between 1 March 2020 and 30 June 2021, and (b) where winding-up petitions are presented between 1 March 2020 and 30 June 2021 based on other grounds, the petitioning creditor must show that it had reasonable grounds to believe that coronavirus has not had a financial effect on the company or that the company's inability to pay its debts would have arisen even if coronavirus had not had such effect on the company. Between 1 March 2020 and 30 June 2021, a court may similarly only grant a winding-up order in circumstances where a company is deemed unable to pay its debts and it appears to the court that coronavirus has had a financial effect on the company before the presentation of the petition if the court is satisfied that the company's insolvency would have arisen even if coronavirus had not had such effect on the company.

Priority on insolvency

One of the primary functions of winding-up (and, where the company cannot be rescued as a going concern, one of the possible functions of administration) under English law is to realize the assets of the company in question and distribute the proceeds from those assets to the company's creditors.

In accordance with the Insolvency Act and the Insolvency Rules, creditors are placed into different classes, with the proceeds from the realization of the insolvent company's property applied in descending order of priority, as set out below. With the exception of the Prescribed Part (as defined below), distributions generally cannot be made to a class of creditors until the claims of the creditors in a prior-ranking class have been paid in full. Unless creditors have agreed otherwise with the company, distributions are made on a *pari passu* basis, that is, the assets are distributed in proportion to the debts due to each creditor within a class.

Contractual setting-off arrangements entered into after a company enters liquidation or administration are only respected to the extent they fall within the definition of "mutual dealing" as applied by the mandatory insolvency set-off regime. This regime sees an account being taken of what is due from each party to the other in respect of their mutual dealings, and only the resulting net balance is either provable by the creditor in the administration or liquidation of the company (if amounts remain due to the creditor) or, conversely, is payable by the creditor to the company (if amounts remain due to the company).

The general priority on insolvency is as follows (in descending order of priority):

- *First ranking:* holders of fixed charge security (but only to the extent the value of the secured assets covers that indebtedness);

- *Second ranking:* expenses of the insolvent estate (there are statutory provisions setting out the order of priority in which expenses are paid);

- *Third ranking:* ordinary and secondary preferential creditors.

Ordinary preferential debts include (but are not limited to) debts owed by the insolvent company in relation to: (a) contributions to occupational and state pension schemes; (b) wages and salaries of employees for work done in the four months before the insolvency date, up to a maximum of £800 per person; and (c) holiday pay due to any employee whose contract has been terminated, whether the termination takes place before or after the date of insolvency. As between one another, ordinary preferential debts rank equally.

Secondary preferential debts rank for payment after the discharge of ordinary preferential debts and include claims by HMRC in respect of certain taxes including VAT, PAYE income tax (including student loan repayments), employee NI contributions and Construction Industry Scheme deductions (but excluding

corporation tax and employer NI contributions) which are held by the company on behalf of employees and customers. As between one another, secondary preferential debts rank equally;

- *Fourth ranking:* holders of floating charge security, according to the priority of their security. This would include any security interest that was stated to be a fixed charge in the document that created it but which, on proper interpretation by the court, was rendered a floating charge. However, before distributing asset realizations to the holders of floating charges, the Prescribed Part (as defined below) must, subject to certain exceptions, be set aside for distribution to unsecured creditors;

- *Fifth ranking*:

  firstly, provable debts of unsecured creditors and (to the extent of any unsecured shortfall) secured creditors, in each case including accrued and unpaid interest on those debts up to the date of commencement of the relevant insolvency proceedings. To pay the secured creditors any unsecured shortfall, the insolvency officeholder can only use realizations from unsecured assets as secured creditors are not entitled to any distribution from the Prescribed Part unless the Prescribed Part is sufficient to pay out all unsecured creditors;

  secondly, interest on the company's debts (at the higher of the applicable contractual rate and the rate determined in accordance with the Judgments Act 1838 (currently 8% per annum)) in respect of any period after the commencement of liquidation or after the commencement of an administration which has been converted into a distributing administration; and

  thirdly, non-provable liabilities, being liabilities that do not fall within any of the categories above and therefore are only recovered in the (unusual) event that all categories above are fully repaid; and

- *Sixth ranking:* shareholders. If, after the repayment of all unsecured creditors in full, any remaining funds exist, these will be distributed to the shareholders of the insolvent company.

Subject to the above order of priority, subordinated creditors are ranked according to the terms of the subordination language in the relevant documentation.

Prescribed Part

An insolvency practitioner of a company (i.e., an administrator, administrative receiver or liquidator) will generally be required to ring-fence a certain percentage of the proceeds of enforcement of floating charge security for the benefit of unsecured creditors (after making full provision for preferential creditors and expenses out of floating charge realizations) (the "Prescribed Part"). This ring-fence applies to (a) 50% of the first £10,000 of the company's net property and (b) 20% of the remainder of the company's net property over £10,000, with a maximum aggregate cap of £800,000 (except where the company's net property is available to be distributed to the holder of a first-ranking floating charge created before 6 April 2020, in which case the maximum aggregate cap is £600,000). The Prescribed Part must be made available to unsecured creditors unless the cost of doing so would be disproportionate to the resulting benefit to creditors.

Foreign currency

Under English insolvency law, where creditors are asked to submit formal proofs of claim for their debts, the office-holder will convert all foreign currency denominated proofs of debt into pound sterling at a single rate for each currency determined by the office-holder by reference to the exchange rates prevailing on the relevant date. This provision overrides any agreement between the parties. If a creditor considers the rate to be unreasonable, they may apply to the court.

Accordingly, in the event that an English Obligor goes into liquidation or administration, holders of the Notes may be subject to exchange rate risk between the date on which that English Obligor goes into liquidation or administration and receipt of any amounts to which such holders of the Notes may become entitled. Any losses resulting from currency fluctuations are not recoverable from the insolvent estate.

Avoidance of transactions

There are circumstances under English insolvency law in which the granting by an English company of security and/or guarantees can be challenged. In most cases, this will only arise if the company is placed into administration or liquidation within a specified period after the granting of the security and/or guarantee. Therefore, if during the specified period an administrator or liquidator is appointed to an English company, the administrator or liquidator may challenge the validity of the security or guarantee given by such company.

The Issuer cannot be certain that, in the event that the onset of an English company's insolvency (as described below) is within any of the requisite time periods, the grant of a guarantee in respect of the Notes would not be challenged or that a court would uphold the transaction as valid.

Onset of insolvency

The date of the onset of insolvency, for the purposes of transactions at an undervalue and preferences (as discussed below) depends on the insolvency procedure in question.

In an administration, the onset of insolvency is the date on which: (a) the court application for an administration order is issued; (b) the notice of intention to appoint an administrator is filed at court; or (c) otherwise, the date on which the appointment of an administrator takes effect. In a compulsory liquidation, the onset of insolvency is the date the winding-up petition is presented to court, whereas in a voluntary liquidation it is the date the company passes the relevant winding-up resolution. Where liquidation follows administration, the onset of insolvency will be the same as for the initial administration.

Connected persons

If a given transaction at an undervalue or preference has been entered into by the company with a "connected person", then particular specified time periods and presumptions will apply to any challenge by an administrator or liquidator (as set out below).

A "connected person" of a company granting a security interest or guarantee for the purposes of transactions at an undervalue or preferences is a party who is: (a) a director of the company; (b) a shadow director; (c) an associate of such director or shadow director; or (d) an associate of the relevant company.

A party is associated with an individual if they are: (a) a relative of the individual; (b) the individual's husband, wife or civil partner; (c) a relative of the individual's husband, wife or civil partner; (d) the husband, wife or civil partner of a relative of the individual; or (e) the husband, wife or civil partner of a relative of the individual's husband, wife or civil partner. A party is associated with a company if they are employed by that company. A company is associated with another company if the same person has control of both companies, or a person has control of one and persons who are his associates, or he and persons who are his associates, have control of the other, or if a group of two or more persons has control of each company and the groups either consist of the same persons or could be regarded as consisting of the same persons by treating (in one or more cases) a member of either group as replaced by a person of whom he is an associate.

A person is to be taken as having control of a company if the directors of the company or of another company which has control of it (or any of them) are accustomed to act in accordance with his directions or instructions, or he is entitled to exercise, or control the exercise of, one third or more of the voting power at any general meeting of the company or of another company which has control of it. Where two or more persons together satisfy either of these conditions, they are to be taken as having control of the company.

The potential grounds for challenge available under English law that may apply to any security interest or guarantee granted by an English company include, without limitation, the following described below:

Transactions at an undervalue

Under English insolvency law, a liquidator or administrator could apply to the court for an order to set aside the creation of a security interest or a guarantee (or grant other relief) where the creation of such security interest or guarantee constituted a transaction at an undervalue.

A transaction will only be a transaction at an undervalue if, at the time of the transaction or as a consequence of the transaction, the company is unable to pay its debts or becomes unable to pay its debts (as defined in Section 123 of the Insolvency Act). The transaction can be challenged if the onset of the company's insolvency is within a period of two years from the date the company grants the security interest or the guarantee. In any proceedings, it is for the administrator or liquidator to show that the company was unable to pay its debts unless a beneficiary of the transaction was a connected person (see "*Connected persons*" above), in which case there is a presumption of insolvency and the connected person must demonstrate that the company was not unable to pay its debts at the time of the transaction or became unable to do so as a consequence of the transaction.

A transaction may be set aside as a transaction at an undervalue if the company made a gift to a person, if the company received no consideration or if the company received consideration of significantly less value, in money or money's worth, than the consideration given by such company. However, a court shall not make an order if it is satisfied that the company entered into the transaction in good faith and for the purpose of carrying on its business and that, at the time it did so, there were reasonable grounds for believing the transaction would benefit it.

If the court determines that the transaction was a transaction at an undervalue, the court shall make such order as it sees fit to restore the company to the position it would have been in had it not entered into the transaction, which may include reducing payments due under or setting aside security interests or guarantees. An order by the court for a transaction at an undervalue may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the company entered into the transaction, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the transaction in good faith and for value to pay a sum to the liquidator or administrator of the company, except where the person was a party to the transaction.

Preferences

Under English insolvency law, a liquidator or administrator could apply to the court for an order to set aside payments, the creation of a security interest or a guarantee (or grant other relief) where such payment, creation of security interest or guarantee constituted a preference.

A transaction will only be a preference if, at the time of the transaction or in consequence of the transaction, the company is unable to pay its debts or becomes unable to pay its debts (as defined in Section 123 of the Insolvency Act). The transaction can be challenged if the company enters into insolvency within a period of six months (if the beneficiary of the security or the guarantee is not a connected person) or two years (if the beneficiary is a connected person, except where such beneficiary is a connected person by reason only of being the company's employee) from the date the company grants the security interest or the guarantee. A transaction may constitute a preference if a transaction has the effect of putting a creditor of the company (or a surety or guarantor for any of the company's debts or liabilities) in a better position (in the event of the company going into insolvent liquidation) than such creditor, guarantor or surety would otherwise have been in had that transaction not been entered into. However, a court shall not make an order unless the company which entered into the transaction was influenced by a desire to produce a preferential position in relation to that person when taking their decision.

In any proceedings, it is for the administrator or liquidator to show that the company was unable to pay its debts at the relevant time and that there was such desire to prefer the relevant creditor. If, however, the beneficiary of the transaction was a connected person (except where such beneficiary is a connected person by reason only of being the company's employee), it is presumed that the company intended to put that person in a better position and the connected person must demonstrate that there was, in fact, no such desire on the part of the company to prefer them.

If the court determines that the transaction was a preference, the court shall make such order as it sees fit to restore the company to the position it would have been in had it not entered into the transaction, which may include reducing payments due under or setting aside security interests or guarantees. An order by the court for a preference may affect the property of, or impose any obligation on, any person whether or not they are the person to whom the preference was given, but such an order will not prejudice any interest in property which was acquired from a person other than the company in good faith and for value or prejudice any interest deriving from such an interest, and will not require a person who received a benefit from the preference in good faith and for value to pay a sum to the

liquidator or administrator of the company, except where the payment is to be in respect of a preference given to that person at a time when they were a creditor of the company.

Transactions defrauding creditors

Under English insolvency law, where a transaction was at an undervalue and the court is satisfied that it was made for the substantial purpose of putting assets beyond the reach of a person who is making, or may make, a claim against the company in question, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. This provision may be used by any person who claims to be a "victim" of the transaction including the UK Financial Conduct Authority and the UK Pensions Regulator (with the leave of the court if the company is in liquidation or administration) and use of the provision is therefore not limited to liquidators or administrators. There is no statutory time limit within which the challenge must be made (subject to the normal statutory limitation periods) and the relevant company does not need to be insolvent at the time of, or as a result of, the transaction.

If the court determines that the transaction was a transaction defrauding creditors, the court may make such order as it sees fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction, which may include reducing payments due under or setting aside security interests or guarantees. The relevant court order may affect the property of, or impose any obligation on, any person whether or not they are the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor company in good faith, for value and without notice of the relevant circumstances, and will not require a person who received a benefit from such transaction in good faith, for value and without notice of the relevant circumstances to pay any sum to the liquidator or administrator of the company unless such person was a party to the transaction.

Disclaimer

An English liquidator has the power to disclaim onerous property, which is any unprofitable contract or other property of the company that cannot be sold, readily sold or may give rise to a liability to pay money or perform any other onerous act, by serving the prescribed notice on the relevant party. A contract may be unprofitable if it gives rise to prospective liabilities and imposes continuing financial obligations on a company that may be detrimental to creditors. A contract will not be unprofitable merely because it is financially disadvantageous or because the company could have made, or could make, a better bargain. However, this power to disclaim onerous property does not apply to an executed contract nor can it, except so far as is necessary for the purpose of releasing the company from any liability, affect the rights or liabilities of any other person.

Limitations on enforcement

The grant of a guarantee by any English Obligor in respect of the obligations of another group company must satisfy certain legal requirements. Among other requirements, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that these documents do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with the English Obligors in good faith; however, the relevant legislation is not without difficulties in its interpretation.

Further, corporate benefit must be established for each English Obligor by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in a way that he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found to be abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court. Section 172(3) of the Companies Act 2006 additionally provides that, in certain circumstances, the directors need to consider or act in the interests of the creditors of the company. While the statutory provisions do not prescribe when directors' duties to creditors arise, the English courts have held that the shift takes place when the directors know, or should know, that the company in question is or is likely to become insolvent, with "likely" in this context meaning "probable".

Guarantees granted by an English Obligor may also be subject to potential limitations to the extent they would result in unlawful financial assistance contrary to English company law.

Moratoriums

As outlined above, the administration process provides for the automatic or optional moratorium imposing a period of time during which third parties including creditors are unable to institute or continue legal action against the company, enforce certain rights and/or call upon security or guarantees. Besides the moratorium available to companies undergoing administration (see "*Administration*" above), moratoriums are also available to companies entering compulsory liquidation.

Restriction on the operation and exercise of ipso facto provisions

Further recent changes to the Insolvency Act have introduced a restriction on the operation and exercise of ipso facto clauses in order to preserve the continuity of the provision of goods and services to companies undergoing insolvency procedures. In general terms, ipso facto clauses are provisions in supply of goods or services contracts which allow suppliers to terminate the contract or supply or take any other action, or provide for the automatic termination of the contract or supply or the occurrence of any other event, upon the counterparty entering an insolvency procedure. Under the new approach, to the extent that the trigger event is the counterparty's entry into a 'relevant insolvency procedure' (i.e., an administration, administrative receivership, company voluntary arrangement, liquidation and/or a restructuring plan), such clauses will be deemed void and suppliers will be unable to terminate the relevant contracts unless the company or the relevant office-holder consents to the termination or the court grants permission on the basis that it is satisfied that the continuation of the contract would cause the supplier hardship.

The restrictions do not apply to a range of contracts involving financial services or entities involved in the provision of financial services, including contracts for the provision of lending, financial leasing or guarantees, contracts for the purchase, sale or loan of securities or commodities and agreements which are, or form part of, arrangements involving the issue of a capital market investment (as defined in the Insolvency Act). In light of the coronavirus pandemic, certain small suppliers are also temporarily excluded from the restrictions where the counterparty enters into relevant insolvency procedures prior to 30 June 2021 (unless extended further).

Cross-border recognition of English insolvency and restructuring proceedings

General position

The recognition of English insolvency and restructuring proceedings in other jurisdictions is governed by applicable treaties in respect of the mutual recognition (or otherwise) of courts' jurisdiction, proceedings and judgments and general principles of private international law such as comity and conflicts of laws rules applicable in the relevant jurisdictions.

One of the key insolvency-related treaties is the UNCITRAL Model Law on Cross-Border Insolvency (the "Model Law"), which has been adopted in a number of jurisdictions, including the United States and the United Kingdom, where it was implemented by the Cross-Border Insolvency Regulations. The Model Law provides for recognition of certain UK insolvency proceedings in other signatory states as either foreign main proceedings (if COMI of the relevant debtor is determined to be in the UK) or foreign non-main proceedings (if COMI is determined to be in another jurisdiction but the debtor has an establishment in the UK). The Cross-Border Insolvency Regulations only provide for recognition of proceedings under British insolvency law, which in relation to England and Wales covers proceedings initiated under the Insolvency Act other than receivership proceedings and members' voluntary liquidations, and does not extend to restructuring processes governed by corporate law such as schemes of arrangement and restructuring plans.

The recognition of English courts' jurisdiction and orders in respect of schemes of arrangement and restructuring plans, which are restructuring rather than insolvency proceedings, will be subject to treaties regarding matters relating to the jurisdiction of courts in civil proceedings and the enforcement of civil judgments such as the Hague Convention on Choice of Court Agreements 2005 and the Lugano Convention 2007 (subject to the UK's pending accession to the latter) where these apply. As noted above, the restructuring plan process has recently been

found to fall outside the scope of the Lugano Convention 2007 by the English judiciary at first instance (High Court).

Recognition in the EU

Following the UK's departure from the EU and the expiry of the Transition Period, UK proceedings no longer benefit from automatic and guaranteed recognition in EU member states. As the trade and cooperation terms agreed between the EU and the UK do not include a replacement regime for the current automatic recognition of UK insolvency procedures across the EU (and vice versa) or otherwise address insolvency matters, cross-border insolvencies involving the UK and one or more EU member states will be subject to a degree of uncertainty and increased complexity.

Unless or until a mutual recognition agreement is reached in the future, it is likely to be more problematic for UK restructuring and insolvency proceedings to be recognized in EU member states and for UK office holders to effectively deal with assets located in EU member states. The general position outlined above will apply and recognition will depend on the private international law rules adopted in the relevant EU member state and the need may well arise to open parallel proceedings, increasing the element of risk as well as costs, a small number of EU member states have adopted the Model Law which will likely assist recognition of an English process in such jurisdictions. In particular in cases where the appointment of a UK office holder is made in reliance on a UK domestic approach rather than COMI rules, it is much less certain that such appointment will be recognized in other EU member states.

As a consequence, the recognition of English insolvency and restructuring proceedings across the EU member states may be different from what investors may have experienced in the past when the UK was a member state of the EU. It is not possible to predict with certainty if and to what extent proceedings will be recognized and whether investors may be adversely affected as a result.

Panama

Certain of the Guarantors are incorporated in the Republic of Panama. The recently enacted Law 12 of 2016 (as amended from time to time, the "Panamanian Insolvency Law") provides the framework, for both reorganization and liquidation proceedings As the Panamanian Guarantors does not have a commercial domicile, office, agency, establishment or branch in the Republic of Panama, we believe that we and our Guarantors are not currently subject to Panamanian Insolvency Law. However, if the Issuer or any other Guarantor (including the Panamanian Guarantors) were to open such a commercial domicile, office, agency, establishment or branch in the Republic of Panama, such entity or one of its creditors may successfully seek to begin a reorganization or foreclosure proceeding. Moreover, we cannot assure that if any Panamanian Guarantor voluntarily commences a reorganization or insolvency proceeding Panama, or a creditor initiates a reorganization or other bankruptcy action in Panama, a Panamanian court will decline jurisdiction and determine that such entity is not subject to the Panamanian Insolvency Law.

With respect to reorganization proceedings, under the Panamanian Insolvency Law, upon the filing of the petition to commence such proceedings the debtor may not transfer, convey or dispose of assets, or enter into settlement agreements or other arrangements or reworkings with respect to its outstanding obligations or ongoing litigation. Any acts performed in breach of such limitations shall be null and void and the breaching party or parties shall be jointly liable for damages resulting therefrom.

The noteholders' ability to enforce their rights under the Notes may be limited if we become subject to any of the insolvency proceedings set forth in the Panamanian Insolvency Law, which establishes the events under which a petition for the reorganization or liquidation of a company can be filed before a circuit court. If a petition for the reorganization of the Issuer or any other Guarantor is filed before a court, such filing would restrict such entity from engaging in the following (except if the same are part of its ordinary course of business or if the court expressly allows for it following petition by the debtor): (i) constituting or enforcing any guarantees over the such entity´s assets; (ii) effecting compensations, payments, settlements, waivers, confirmations, unilateral terminations or mutual agreement terminations of on-going judicial proceedings; (iii) carrying out conciliations, agreements or transactions of any of its obligations; and (iv) carrying out any transfer of its assets or business. Furthermore, if following such a petition a court were to order the reorganization of the Issuer or any other Guarantor, it would be

afforded certain financial protections contemplated in the Panamanian Insolvency Law, which may include: (i) a prohibition for the initiation of any enforcement proceedings against the entity (enforceable by means of an unappealable judgment); (ii) prohibition for early termination of any contract to which the entity may be a party based on the occurrence of an insolvency event (enforceable by means of an unappealable judgment); (iii) suspension of payment of interests in respect of all obligations payable by the entity, which may include the Notes, until such time that the general creditors assembly approves the reorganization agreement; and (iv) prohibition for the initiation of a liquidation proceeding against the entity; among others.

In addition, upon the issuance by the bankruptcy court of the resolution that formally orders the commencement of reorganization proceedings, bankruptcy protection (protección financiera concursal) is activated. Pursuant to such protection, inter alia, creditors may not file any action against us or foreclose on our assets. All contracts entered into by the debtor shall remain valid during the term when the bankruptcy protection remains in force and payment of interest on unsecured debt obligations is suspended. Nevertheless, a debtor may seek to renegotiate certain executory agreements (contratos de tracto sucesivo) or, if such agreements cannot be renegotiated and the debtor can demonstrate that the costs to the debtor are onerous (taking into account the cost of replacing such services), request that the court overseeing the reorganization terminate such agreements. Any counter-claim for termination of such executory agreements will be included in local bankruptcy proceedings.

Upon the issuance of the court decision declaring the commencement of liquidation proceedings, the debtor ceases to have the right to manage its assets, as such right and power is conferred upon an appointed liquidator that represents the interests of the mass of creditors. At the same time, any such decision suspends all creditor's rights to individually foreclose on debtors, except for secured creditors who may continue to pursue actions seeking the execution of their collateral. Further, interest shall cease to accrue on unsecured credits and secured creditors may only enforce payment of accrued interests up to the value of their collateral. From the moment of the declaration of Liquidation and except in the case of loans secured by a pledge or mortgage, interest would cease to accumulate against the Issuer or Guarantor. Secured creditors would be able to continue their enforcement actions regarding the assets encumbered with mortgage, antichresis or pledges. Nevertheless, secured creditors would not be able to demand the current interests of their credits in excess of the proceeds of the sale of the encumbered assets.

In the event of a court order instructing for liquidation of either the Issuer or Guarantor, the following would apply such entity and its assets:

- As of the effectiveness of the liquidation order: (a) the Issuer or Guarantor would be deprived of its powers to administer or dispose of its assets (other than assets that, under the law are not subject to embargo or attachment) and, as from that moment, such powers would pass on to the creditors, represented by the court-appointed liquidator; (b) all of the Issuer or Guarantor´s obligations would become due and payable and no further interest shall accrue on such obligations; and (c) the statute of limitations applicable to liabilities payable by the such Issuer or Guarantor would be suspended.

- Certain ongoing contracts (contratos de tracto sucesivo) such as lease agreements could be resolved subject to the prior delivery of any statutory or agreed upon notice.

- Any payment or contract entered into by the Issuer or Guarantor following the issuance of the liquidation order would be null and void and any payment to the Issuer or Guarantor would have to be made directly to the liquidator.

- The following acts could be voidable for the benefit of the liquidation estate: (a) Any action or agreement of the Issuer or Guarantor that lacks consideration (título gratuito) and those agreements that are entered into for excessive of consideration (título oneroso); (b) The constitution of a pledge, mortgage, or any other action entered into to secure obligations previously contracted or to grant a preference over other obligations; (c) Payment (either with cash, assignment, transfer) of debts that are not considered past-due or the payment of debts already overdue; and (d) Modifications to the articles of incorporation (pacto social) or the bylaws (estatutos) of the Issuer or Guarantor.

- Any action or agreement of the Issuer or Guarantor that lacks consideration (título gratuito) in favor of a shareholder, administrator, director, manager, dignitary, legal representative, liquidator or attorney in

fact could be voidable if executed within the four-year period counted as from the date of insolvency set forth by the court in the liquidation order.

- Any actions or agreements where there is a simulation of fraud, or a misrepresentation by the parties; and any disposal of assets with or without consideration if done with the intention of subtracting the asset or its value from reach of the creditors, could be declared null and void by the court irrespective of their date of execution.

Switzerland

Insolvency Proceedings

A subsidiary Guarantor is incorporated under the laws of Switzerland (the "Swiss Guarantor"). In the event of the Swiss Guarantor's insolvency, insolvency proceedings would likely be initiated in Switzerland and Swiss insolvency law will then govern those proceedings. The insolvency laws of Switzerland and, in particular, the provisions of the Swiss Federal Act on Debt Enforcement and Bankruptcy (*Bundesgesetz über Schuldbetreibung und Konkurs*) may be less favorable to the interests of creditors than the insolvency laws of other jurisdictions, including in respect of priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceedings, and therefore may limit the ability of creditors to recover payments due on the Notes to an extent exceeding the limitations arising under other insolvency laws.

The following is a brief description of certain aspects of the insolvency laws of Switzerland.

Under general Swiss insolvency law, there is no group insolvency concept, which means there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In case of a group of companies, each entity has, from an insolvency law point of view, to be dealt with separately. As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of, and *vis-à-vis*, each entity have to be dealt with separately.

The enforcement of claims and questions relating to insolvency and bankruptcy in general are dealt with by the Swiss Federal Act on Debt Enforcement and Bankruptcy (*Bundesgesetz über Schuldbetreibung und Konkurs*). Under Swiss law, there are two primary insolvency regimes, the bankruptcy procedure (*Konkurs*) and the composition procedure (*Nachlassvertrag*) (altogether referred to as insolvency proceedings) that may be opened against an entity having it registered offices or assets in Switzerland.

Under Swiss insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but are triggered by a creditor filing petition for the opening of insolvency proceedings. Moreover, insolvency proceedings must be initiated by the debtor itself according to Swiss corporate law in the event of over-indebtedness (*Überschuldung*) or can be initiated by a creditor directly and without prior debt collection proceedings commits certain acts to the detriment of its creditors or ceases to make payments (*Zahlungseinstellung*) or if certain events happen during composition proceedings. Furthermore, a debtor may also initiate insolvency proceedings if it declares itself insolvent (*zahlungsunfähig*) before a court. Generally, pursuant to Swiss corporate law, a debtor is over-indebted when its liabilities exceed the value of its assets, which must be assessed on the basis of a balance sheet to be drawn up (i) at the liquidation value of the debtor's assets and (ii) at the going concern value. If the interim balance sheet shows that the creditors' claims are neither covered by assets valued at liquidation values nor at going concern values, the debtor's board of directors has to notify the bankruptcy court, except if creditors of the debtor agree to subordinate their claims in the amount necessary to cover the over-indebtedness (Article 725 Swiss Code of Obligations or the corresponding provision of the Swiss Code of Obligations in case of a limited liability company (*Gesellschaft mit beschränkter Haftung*)). The debtor's board of directors is obliged to file for insolvency without delay and non-compliance with this obligation exposes the board of directors to damage claims and, in extreme cases, to sanctions under criminal law. Under certain circumstances (i.e., in case of failure of the board of directors), the auditors of an over-indebted company are also obliged to notify the competent court of an over-indebtedness.

If a creditor wants to initiate insolvency proceedings, such creditor has to file an application for commencement of enforcement proceedings (*Betreibungsbegehren*) with the competent debt collection office (*Betreibungsamt*). With respect to unsecured claims, the competent debt collection office is located where the debtor

is incorporated or resident. The debt collection office will then serve the debtor with the summons to pay (*Zahlungsbefehl*). There is no material assessment of the claim at this stage. The debtor may within ten days upon having been served with the summons to pay, file an objection (*Rechtsvorschlag*) to bring the procedure to a halt and obtain an individual stay of proceedings. No reasons need to be given for such objection. The debt collection office notifies the creditor of the objection.

For claims based on an enforceable judgment, the creditor can without any further delay file an application to lift this stay with the court (*Rechtsöffnungsbegehren*). For claims not based on an enforceable judgment, but on a certified and/or signed document evidencing the claim, provisional lifting of such stay can be applied for in summary proceedings (*provisorische Rechtsöffnung*). In the event the objection is set aside in these summary proceedings, the debtor may within 20 days bring an action on the merits in ordinary court proceedings for declaration that the creditor's claim does not exist (*Aberkennungsklage*).

In the absence of an objection or once an objection is validly lifted by a final court decision, the creditor may then ask the debt collection office to continue the enforcement proceeding (*Fortsetzungsbegehren*) in relation to existing summons to pay having full force and effect. The competent debt collection office delivers a bankruptcy warning (*Konkursandrohung*) to the debtor. The bankruptcy court may take preliminary measures to secure property of the debtor in case this is requested by a creditor and required to secure the creditor's rights. After 20 days from receipt of the bankruptcy warning (*Konkursandrohung*), the creditor may petition the opening of bankruptcy proceedings. The competent court decides upon the adjudication of bankruptcy without any delay, provided that there are no reasons which would lead to a suspension of the bankruptcy court's decision. In addition, the debtor has the right to file a request for a moratorium. The parties may file an appeal against any decision made by the bankruptcy court. If assets are located outside of Switzerland, a Swiss bankruptcy decision may need to be recognised by the competent foreign authorities.

The competent court orders the continuation of bankruptcy proceedings if certain requirements are met, in particular if there are sufficient assets to cover at least the costs of the bankruptcy proceedings. If the assets of the debtor are not expected to be sufficient, the bankruptcy court will only order to continue bankruptcy proceedings if third parties, for instance creditors, advance the costs of the bankruptcy proceedings themselves within 10 days of a respective public announcement. In the absence of such advancement, the bankruptcy proceedings will be closed for insufficiency of assets (*Einstellung des Konkursverfahrens mangels Aktiven*). Alternatively, the bankruptcy office may request the bankruptcy court to resolve upon summary bankruptcy proceedings (*summarisches Konkursverfahren*), if the assets are not sufficient to cover the cost of ordinary bankruptcy proceedings or the actual facts of the case are not complicated. Also, in such case, creditors have the right to request ordinary bankruptcy proceedings provided that adequate security for the relevant costs is given by the respective creditor.

After a bankruptcy has been declared, all of the debtor's assets and claims (including assets subject to pledge rights) are considered to be part of the debtor's estate (*Konkursmasse*). Upon the opening of formal bankruptcy proceedings (*Konkurseröffnung*), the right to administer and dispose over the business and the assets of the debtor passes to the bankruptcy office (*Konkursamt*). The bankruptcy office has full administrative and disposal authority over the debtor's estate (*Konkursmasse*), provided that certain acts require the approval of the competent court. The creditors' meeting may appoint a private bankruptcy administration (*private Konkursverwaltung*) and, in addition, a creditors' committee (*Gläubigerausschuss*). In such case, the private bankruptcy administration will be competent to maintain and liquidate the debtor's estate. The creditors' committee has additional competences.

Bankruptcy results in the automatic acceleration of all claims against a debtor (secured or unsecured), except for those secured by a mortgage on the debtor's real property, and the relevant claims become due upon bankruptcy. As a result of such acceleration, a creditor's bankruptcy claim consists of the principal amount of the debt, interest accrued thereon until the date of bankruptcy, and (limited) costs of enforcement. Upon bankruptcy, interest ceases to accrue. Only claims secured by a pledge enjoy a preferential treatment insofar as interest that would have accrued until the collateral is realized will be honored if and to such extent as the proceeds of the collateral suffice to cover such interests.

All creditors, whether secured or unsecured, wishing to assert claims against the debtor need to participate in the bankruptcy proceedings in Switzerland. Swiss bankruptcy proceedings are collective proceedings and creditors may generally no longer pursue their individual claims separately, but can instead only enforce them in compliance with, and subject to, the restrictions of Swiss insolvency laws. Therefore, secured creditors are generally

(subject to certain exceptions) not entitled to enforce any security interest outside the bankruptcy proceedings. In the bankruptcy proceedings, however, secured creditors have certain preferential rights (*Vorzugsrechte*) on the collateral. Generally, entitlement to realize such security is vested with the bankruptcy administration. Realization proceedings are governed by Swiss insolvency laws which provide for a public auction, or, subject to certain conditions, a private sale. Proceeds from enforcement are used to cover (i) enforcement costs, (ii) the claims of the secured creditor and (iii) any excess proceeds will be used to satisfy unsecured creditors.

Typically, liabilities resulting from acts of the bankruptcy administrator after commencement of formal bankruptcy proceedings constitute liabilities of the debtor's estate and are discharged by priority. Thereafter, all other claims (bankruptcy claims—*Konkursforderungen*) of unsecured creditors will be satisfied pursuant to the distribution provisions of Swiss insolvency laws. Final distribution of non-secured claims is based on a ranking of creditors in three classes. The first and the second class, which are privileged, comprise claims under employment contracts, accident insurance, pension plans and family law. Certain privileges can also be claimed by the government and its subdivisions based on specific provisions of Swiss Federal law. All other creditors will be satisfied on a *pro rata* basis if and to the extent there are funds remaining in the debtor's estate after the privileged claims have been settled and paid in full. Secured creditors are first covered by the relevant collateral and, in case the collateral is not sufficient, subject to the rules governing unsecured creditors in the third class.

Also it should be noted that a contractual postponement and subordination of claims against a Swiss debtor, a contractual restriction of enforcement actions against a Swiss debtor or an appointment by a Swiss debtor of a third party to act as its attorney or receiver would be valid as between the parties thereto, but may not be binding on an insolvency official after the occurrence of an insolvency event.

Swiss insolvency law also provides for reorganization procedures by composition with the debtor's creditors. Reorganization is initiated by a request with the competent court for a temporary moratorium (*provisorische Nachlassstundung*) of a maximum duration of four months. During the moratorium, the debtor can seek to restructure and, if successful, ask the court to lift the moratorium without entering into a composition agreement. The moratorium can also result in a composition agreement which takes the form of: (i) either an ordinary composition agreement (*ordentlicher Nachlassvertrag*) where the debtor's business continues and the contractual terms of its payment obligations are modified (*Stundungsvergleich*) or creditors receive a dividend (*Dividendenvergleich*) or (ii) a composition agreement providing for the assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) where the debtor's assets are assigned to creditors in order to sell the debtor's assets (or part of it) or to liquidate such assets. The moratorium could also result in a composition agreement that may comprise the formation of a new company (*Auffanggesellschaft*) to receive part of the business of the debtor. During a moratorium, the debtor's power to dispose of its assets and to manage its affairs is restricted. Furthermore, debt collection proceedings can in principle not be initiated and pending debt collection proceedings are stayed. In principle, interest ceases to accrue against the debtor for all unsecured claims. With the consent of the commissionaire, the debtor has the right to terminate long-term contracts at any time if without such termination the restructuring cannot be achieved. The moratorium does however not per se affect the agreed due dates of debts (contrary to bankruptcy, in which case all debts become immediately due upon adjudication). Any composition agreement needs to be approved by the creditors and confirmed by the competent court. With the judicial confirmation, the composition agreement becomes binding on all creditors, whereby secured claims are only subject to the composition agreement to the extent that the collateral proves to be insufficient to cover the secured claims.

Foreign bankruptcy decrees issued in the country of a debtor's domicile may be recognized in Switzerland only, provided that (i) the bankruptcy decree is enforceable in the country where it was issued, (ii) its recognition is, inter alia, not against Swiss public policy, and (iii) the bankruptcy decree was issued (a) in the state of the debtor's domicile or (b) in the state where the center of the debtor's main interests are located, provided that the debtor was not domiciled in Switzerland when the foreign bankruptcy proceedings were initiated.

Under Swiss insolvency laws, the bankruptcy administration or a creditor may, under certain conditions, avoid transactions, such as, inter alia, the granting of, or the payment under, any guarantee or security or, if a payment has already been made under the relevant guarantee or security, require that the recipients return the amount received to the debtor's estate. In particular, a transaction (which term includes the granting of a guarantee, the provision of security and the payment of debt) detrimental to the debtor's other creditors may be avoided according to Swiss insolvency laws in the following cases if such acts occurred during a certain period (so-called hardening periods) prior to certain specified events in a Swiss insolvency proceeding

- The debtor has made a transaction being considered as a gift or a disposal of assets without any consideration, provided that the debtor made such transaction within the last year prior to the opening of formal bankruptcy proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*). Similarly, transactions pursuant to which the debtor received a consideration which was disproportionate to its own performance, may be avoided.

- Certain acts are voidable if performed by the debtor within the last year prior to the opening of formal bankruptcy proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*), provided that the debtor was already over-indebted at that time: (i) granting of security for already existing debts, provided that the debtor was not previously obliged to grant such security, (ii) payment of a monetary obligation (*Geldschuld*) in any other way than by payment in cash (*Barschaft*) or other customary means of payment, and (iii) payment of a debt not yet due. However, any avoidance action is excluded if the beneficiary of the transaction can prove that it was not aware of the debtor's over-indebtedness and, taking due care, could not know that the debtor had been over-indebted at that time.

- Furthermore, any acts performed within the last five years prior to, inter alia, the opening of formal bankruptcy proceedings (*Konkurseröffnung*) or the confirmation of a composition agreement with assignment of assets (*Nachlassvertrag mit Vermögensabtretung*) performed by the debtor with the intention to disadvantage its creditors, discriminate some creditors against others or favor some creditors to others are voidable if such intention was, or taking due care must have been known, to the debtor's counterparty. In case of avoidance action regarding a disposition in favor of an affiliated person, including a group company, the favored person bears the burden of proof that the intent of disadvantaging the creditors was not identifiable.

If any guarantee or security is avoided as summarized above or held unenforceable for any other reason, the claimant would cease to have any claim in respect of the guarantee and would have a claim solely under the Notes and the remaining guarantees, if any. Any amounts obtained from transactions that have been avoided would have to be repaid.

Limitations on Up-stream or Cross-stream Guarantees

The validity or enforceability of a guarantee issued by the Swiss Guarantor may be limited by applicable debt collection and bankruptcy laws, insolvency, re-organization, corporate, tax, contract or similar laws, regulations or defenses affecting creditors and secured parties in general (including provisions relating to fraudulent transfer, voidable preference, corporate purpose, financial assistance, capital maintenance and solvency) or laws or principles of general application (including the abuse of rights (Rechtsmissbrauch) and the principle of good faith (*Grundsatz von Treu und Glauben*) and public policy.

In particular, Swiss rules regarding capital maintenance, including but not limited to Articles 671(1) to (4), 675(2) and 680(2) of the Swiss Code of Obligations, prohibit the direct or indirect repayment of a Swiss corporation's share capital and legal reserves to its shareholders and restrict the distribution of a Swiss corporation's accrued earnings to its shareholders. Guarantees granted by a Swiss corporation in order to guarantee liabilities of a direct or indirect parent or sister company as well as any other undertaking contained in any agreement having the same or a similar effect, such as, but not limited to, the waiver of set off or subrogation rights or the subordination of intra-group claims may, pursuant to Article 678(2) of the Swiss Code of Obligations, be considered as an indirect distribution of assets which are subject to the limitation provided by Swiss law to protect the share capital and legal reserves of Swiss stock corporation (Aktiengesellschaft). Similar rules apply in case the guarantee or collateral is granted by a Swiss limited liability company (Gesellschaft mit beschränkter Haftung). Therefore, in order to enable the Swiss Guarantor to grant guarantees securing liabilities of the Issuer without the risk of violating such restrictions, it is standard market practice for indenture agreements, credit agreement, guarantees, security documents and other up-stream or cross-stream obligations to contain a so-called "limitation language" in relation to subsidiaries incorporated in Switzerland in the form of a Swiss stock corporation (Aktiengesellschaft) or Swiss limited liability company (Gesellschaft mit beschränkter Haftung). Pursuant to such limitation language, the obligations under any guarantee granted by the Swiss Guarantor will be restricted to its freely disposable equity if

and to the extent the Swiss Guarantor becomes liable under the relevant agreements for obligations of any direct or indirect shareholder or subsidiary of such shareholder (other than direct or indirect subsidiaries of such Swiss Guarantor) ("Affiliated Companies"). The freely disposable equity is equal to the maximum amount which the Swiss Guarantor can distribute to its shareholders as a dividend payment under Swiss law, as determined in accordance with Swiss law, presently being the total shareholder equity less the total of (i) the aggregate share capital and (ii) statutory reserves (including reserves for own shares and revaluations), to the extent such reserves cannot be transferred into unrestricted, distributable reserves. There are restrictions for companies that have obtained a Covid-19 credit, including the prohibition, amongst other things, of distribution of dividend as long as such credit has not been repaid or terminated. If the enforcement of a guarantee gives rise of payment out of such freely disposable equity this may require further corporate action by the Swiss Guarantor and may be subject to withholding tax (such as, in particular, Swiss withholding tax of currently 35% on a deemed dividend distribution or of a lower tax rate resulting from a refund procedure applicable under a double-taxation treaty). As a result, the creditors to be guaranteed by a guarantee granted by the Swiss guarantor for the benefit of its Affiliated Companies should take into account that the actual value of such guarantee may be very limited. This shall in particular be relevant for the purpose of the Guarantee to be granted by the Swiss Guarantor for the benefits of the holders of the relevant Notes.

United States

The Issuer and certain of the guarantors are organized under the laws of the states of the United States, have their registered offices in the United States and have property in the United States. In the event of insolvency, insolvency proceedings may, therefore, be initiated in the United States. U.S. law would then govern those proceedings. A voluntary bankruptcy case may be commenced by us, or an involuntary bankruptcy case could be commenced by certain unsecured creditors as provided in the U.S. Bankruptcy Code.

Fraudulent Transfer

Under the U.S. Bankruptcy Code or comparable provisions of state fraudulent transfer or fraudulent conveyance laws, the issuance of the guarantees, whether now or in the future, by the Issuer and the U.S. Guarantors (together, the "Obligors") could be avoided, if, among other things, at the time the Obligors incurred the obligations or issued the related guarantee, the Obligors intended to hinder, delay or defraud any present or future creditor; or received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness and either:

- were insolvent or rendered insolvent by reason of such incurrence;
- were engaged in a business or transaction for which the Obligors' remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that they would incur, debts beyond their ability to pay such debts as they mature.

A U.S. court would likely find that an Obligor did not receive reasonably equivalent value or fair consideration for the Notes offered hereby or such guarantee if such Obligor did not benefit directly or indirectly from the issuance of the Notes or the applicable guarantee.

We cannot be certain as to the standards a court would use to determine whether or not an Obligor was solvent at the relevant time or, regardless of the standard that a court uses, that payments to holders of the Notes offered hereby constituted fraudulent transfers on other grounds. Generally, however, an entity would be considered insolvent by a U.S. court if, at the time it incurred indebtedness:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

If the Notes offered hereby or guarantees were avoided or limited under fraudulent transfer or other laws, any claim you may make against any Obligor for amounts payable on the Notes offered hereby would be unenforceable to the extent of such avoidance or limitation. Moreover, the court could order you to return any payments previously made by any Obligor.

Although any guarantee entered into in connection with the issuance of the Notes offered hereby will contain a provision intended to limit that Guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect such guarantee from being voided under fraudulent transfer law, or may reduce that Guarantor's obligation to an amount that effectively makes its guarantee worthless.

LISTING AND GENERAL INFORMATION

1. Application will be made to the Authority for the listing of and permission to deal in the Notes on the Official List of the Exchange. There can be no assurance that the Notes will be listed on the Official List of the Exchange, that such permission to deal in the Notes will be granted or that such listing will be maintained.

2. Neither the admission of the Notes to the Official List of the Exchange nor the approval of this offering memorandum pursuant to the listing requirements of the Authority shall constitute a warranty or representation by the Authority as to the competence of the service providers to, or any other party connected with, the Issuer, the adequacy and accuracy of information contained in this offering memorandum or the suitability of the Issuer for investment or for any other purposes.

3. The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

4. The Issuer has appointed Carey Olsen Corporate Finance Limited as listing agent with respect to the listing of the Notes.

5. Carey Olsen Corporate Finance Limited is acting for the Issuer and for no one else in connection with the listing of the Notes and will not be responsible to anyone other than the Issuer.

6. Copies of the following documents may be inspected during normal business hours at the specified office of the Issuer for a period of fourteen (14) days from the date of the listing of the Notes, namely:

   the constitutional documents of the Issuer; and

   the Indenture.

7. We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

8. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the Notes, except as disclosed herein.

9. Since the incorporation of the Issuer, there have been no material adverse changes to:

   the Issuer;

   the Issuer's group structure;

   the Issuer's business or accounting policies; or

   the financial or trading position of the Issuer.

10. We have appointed Deutsche Bank Trust Company Americas as our Paying Agent, Registrar and Transfer Agent. The Paying Agent will act as intermediary between the holders of the Notes and us so long as the Notes are listed on the Official List of the Exchange.

11. The Notes have been accepted for clearance and settlement through the facilities of DTC. The Rule 144A Global Notes have a CUSIP of 82653L AA9 and the Regulation S Global Notes have a CUSIP of U8215L AA2. The Rule 144A Global Notes have an ISIN of US82653LAA98 and the Regulation S Global Notes have an ISIN of USU8215LAA27.

12. The Issuer is a limited liability company formed under the laws of the State of Delaware. The Issuer was formed on April 29, 1955. Its registered office is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. Its principal telephone number is +57 1 345 41 55.

13. The following is a brief description of the Guarantors that will guarantee the Notes on or around the date on which the Notes are issued or, subject to certain exceptions, within 120 days following such date:

Company	Jurisdiction	Registered Office
SierraCol Energy Limited	England and Wales	1 St James's Market London, Greater London United Kingdom SW1Y 4AH
SierraCol Energy Condor, LLC	Delaware, United States	c/o The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801
Occidental of Colombia PUT-36, LLC	Delaware, United States	c/o The Corporation Trust Company Corporation Trust Center 1209 Orange Street Wilmington, Delaware 19801
SierraCol Energy Block LLA 39 Ltd.	Bermuda	c/o Citco (Bermuda) Limited O'Hara House 3 Bermudiana Road Hamilton, HM08 Bermuda
SierraCol Energy Block LLA 52 Ltd.	Bermuda	c/o Citco (Bermuda) Limited O'Hara House 3 Bermudiana Road Hamilton, HM08 Bermuda
SierraCol Energy Holder Ltd.	Bermuda	c/o Citco (Bermuda) Limited O'Hara House 3 Bermudiana Road Hamilton, HM08 Bermuda
Colombia Energy Development Co.	Cayman Islands	c/o Maples Corporate Services Limited P. O. Box 309 Ugland House South Church Street George Town, Grand Cayman KY1-1104, Cayman Islands
Lagosur Petroleum Colombia Inc.	Panama	PH ARIFA pisos 9 y 10 Boulevard Oeste Santa María Business District Panamá, República de Panamá
FLAMINGO SWISSCO AG	Switzerland	c/o BK-Services AG Baarerstrasse 8 6300 Zug, Switzerland

LEGAL MATTERS

Latham & Watkins LLP, Washington, District of Columbia, represents us in connection with this offering and will pass upon the validity of the Notes. Certain legal matters relating to this offering will be passed upon for the initial purchasers by Linklaters LLP, New York, New York.

INDEPENDENT AUDITORS

The combined financial statements of SierraCol Energy Andina LLC – Sucursal Colombia, SierraCol Energy Arauca LLC – Sucursal Colombia and SierraCol Energy Condor LLC – Sucursal Colombia as of and for the years ended December 31, 2020 and 2019, included in this offering memorandum, have been audited by KPMG SAS, independent auditors, as stated in their report appearing herein. With respect to the interim combined financial statements of SierraCol Energy Andina LLC – Sucursal Colombia, SierraCol Energy Arauca LLC – Sucursal Colombia and SierraCol Energy Condor LLC – Sucursal Colombia for the period ended March 31, 2021, included herein, the independent auditors have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included herein, which includes an other matters paragraph stating that they have not reviewed the combined interim statements of profit or loss and other comprehensive income, changes in net parent investment and cash flows for the three-month period ended on March 31, 2020, states that they did not audit, and they do not express an opinion on that interim combined financial statements. Accordingly, the degree of reliance on their report and on such information should be restricted in light of the limited nature of the review procedures applied.

INDEPENDENT PETROLEUM ENGINEERS

Estimates of our oil reserves and resources as of December 31, 2020 included in this offering memorandum were based in part upon a reserve reports prepared by independent petroleum engineers, Beicip Franlab, DeGolyer and MacNaughton, McDaniel & Associates Consultants and RPS Energy Consultants Ltd. We have included these estimates in reliance on the authority of such firms as experts in such matters.

AVAILABLE INFORMATION

We are not subject to the period reporting and other informational requirements of the U.S. Exchange Act. Under the terms of the Indenture, we will agree that for so long as any of the Notes remain outstanding, we will furnish to the Trustee and holders of the Notes the information specified therein. In addition, we have also agreed to make available to any holder or beneficial owner of the Notes or any prospective purchasers of the Notes designated by a holder or beneficial owner of the Notes, in connection with any sale of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. You should rely only upon the information provided in this offering memorandum. We have not authorized anyone to provide you with different information. You should not assume that the information in this offering memorandum is accurate as of any date other than the date of this offering memorandum.

This offering memorandum contains summaries of certain agreements that we have entered into or will enter into in connection with this offering, such as the Indenture. The descriptions contained in this offering memorandum of these agreements do not purport to be complete and are subject to, or qualified in their entirety by reference to, the definitive agreements. You may obtain a copy of any of these documents, when available, at no cost by writing or telephoning us at the following address:

SierraCol Energy Andina, LLC
Calle 77A #11-32
Bogotá, Colombia
+57 1 345 41 55

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
SierraCol Energy Andina LLC – Sucursal Colombia, SierraCol Energy Arauca LLC – Sucursal Colombia and SierraCol Energy Condor LLC – Sucursal Colombia:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of SierraCol Energy Andina LLC – Sucursal Colombia, SierraCol Energy Arauca LLC – Sucursal Colombia and SierraCol Energy Condor LLC – Sucursal Colombia ("the Group"), which comprise the combined statements of financial position as at December 31, 2020 and 2019, the combined statements of profit or loss and other comprehensive income, changes in net parent investment and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Group as at December 31, 2020 and 2019, and of its combined financial performance and its combined cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted in Colombia.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing accepted in Colombia (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) included in the Information Assurance Standards accepted in Colombia together with the ethical requirements that are relevant to our audit of the combined financial statements in Colombia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with International Financial Reporting Standards as adopted in Colombia, and for such internal control as management determines is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the combined financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Branches of the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financials statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or taken as a whole, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and performed audit procedures in responsive to such risks, and obtain proper and sufficient audit evidence to support our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG SAS

Leonardo Rivera Gómez
Partner
June 1, 2021
Bogotá, Colombia

SierraCol Energy Colombia Business Group
Combined statements of financial position
(Thousands of U.S. Dollars)

	Note	As at December 31,	
		2020	**2019**
ASSETS			
Current Assets			
Cash and cash equivalents	14	4,180	38,390
Trade account receivables	16	59,715	111,546
Recoverable taxes	23	10,213	-
Inventories	18	37,239	43,628
Other current assets	19	644	1,939
Total Current Assets		111,991	195,503
Non-Current Assets			
Other assets receivables	16	498	761
Property, plant, and equipment	20	1,285,971	1,472,995
Financial assets	21	46,751	45,798
Total Non-Current Assets		1,333,220	1,519,554
Total Assets		**1,445,211**	**1,715,057**
LIABILITIES			
Current Liabilities			
Trade account payables	22	60,418	111,369
Income tax payable	23	19,163	6,861
Lease liabilities	24	5,134	11,694
Employee benefits	25	17,982	20,551
Other current liabilities	26	47,068	38,705
Total Current Liabilities		149,765	189,180
Non-Current Liabilities			
Trade account payables	22	3,005	5,376
Employee Benefits	25	20,728	23,096
Provision	27	129,442	93,980
Lease liabilities	24	7,577	14,000
Deferred income tax	28	180,777	208,732
Total Non-Current Liabilities		**341,529**	**345,184**
Total Liabilities		**491,294**	**534,364**
Net Parent Investment		**953,917**	**1,180,693**
Total Liabilities and Net Parent Investment		**1,445,211**	**1,715,057**

The accompanying notes are an integral part of the combined financial statements.

SierraCol Energy Colombia Business Group
Combined statements of profit or loss and other comprehensive income
(Thousands of U.S. Dollars)

	Note	Year Ended December 31,	
		2020	**2019**
Operating activities			
Revenue	4	536,682	769,228
Cost of sales	5	(430,398)	(428,308)
Gross profit		**106,284**	**340,920**
Other income	6	5,838	654
Administrative expenses	7	(37,021)	(48,393)
Other expenses	9	(2,344)	(3,812)
Operating income		**72,757**	**289,369**
Financial income	10	3,996	4,540
Financial expenses	11	(2,327)	(3,381)
Foreign exchange income (loss)	12	7,716	(4,432)
Net profit before tax		**82,142**	**286,096**
Income tax expense	13	(46,397)	(117,058)
Net profit		**35,745**	**169,038**
Other comprehensive income (loss)			
Gain (loss) attributable to the defined benefit plans	25	2,166	(2,916)
Income tax attributable to actuarial gains		(682)	1,002
Other comprehensive income (loss), net		1,484	(1,914)
Comprehensive income		**37,229**	**167,124**

The accompanying notes are an integral part of the combined financial statements.

SierraCol Energy Colombia Business Group

Combined Statement of Changes in Net Parent Investment
(Thousands of U.S. Dollars)

	Net Parent Investment
Balances at 1st of January 2019	**1,099,932**
Net Parent investment decrease (Note 29)	(86,363)
Net profit	169,038
Other comprehensive income, net	(1,914)
Balances at 31st of December 2019	**1,180,693**
Net Parent investment decrease (Note 29)	(264,005)
Net profit	35,745
Other comprehensive income, net	1,484
Balances at 31st of December 2020	**953,917**

The accompanying notes are an integral part of the combined financial statements.

SierraCol Energy Colombia Business Group
Combined statements of cash flows
(Thousands of U.S. Dollars)

Year Ended December 31,	2020	2019
Operating activities		
Net profit	35,745	169,038
Adjustments for:		
Depreciation, depletion and amortization	199,983	212,353
Inventory net realizable value adjustment	10,534	12,556
Abandonment cost	4,254	2,503
Current Income tax expense	65,190	100,357
Deferred income tax	(18,793)	16,701
Increase (decrease) of other provision, net	(1,635)	1,576
Retirement pensions interest cost	596	1,664
Stock inventory impairment	(32)	108
Property, plant and equipment impairment	67,675	2,101
Unrealized exchange rate difference	(9,748)	14,635
Loss on anticipated cancelation of lease contracts	3,554	2,760
	357,323	536,352
Changes in assets and liabilities:		
Trade receivables and other receivables	52,094	(34,430)
Financial assets	(953)	722
Other current assets	1,296	45
Inventories	(4,113)	(2,698)
Trade payables	(53,322)	(15,459)
Employee benefits	(3,367)	(3,986)
Provision and contingencies	(2,069)	(1,869)
Other current liabilities	8,363	13,598
Cash generated from operating activities	355,252	492,275
Income tax paid	(63,783)	(149,500)
Net cash provided by operating activities:	**291,469**	**342,775**
Investing activities		
Additions to property, plant and equipment	(50,320)	(207,714)
Net cash used in investing activities:	**(50,320)**	**(207,714)**
Financing activities		
Net parent investment decrease	(264,005)	(86,363)
Lease payments	(10,825)	(27,672)
Interest on lease payments	(529)	(951)
Net cash used in financing activities:	**(275,359)**	**(114,985)**
Net cash (decrease) increase in cash and cash equivalents	**(34,210)**	**20,076**
Cash and cash equivalents at the beginning of year	38,390	18,314
Cash and cash equivalents at the end of the year	**4,180**	**38,390**
Cash and cash equivalents components are:		
Cash and cash equivalents	4,180	38,390
	4,180	**38,390**

The accompanying notes are an integral part of the combined financial statements.

General Notes

1. Reporting Entity.

SierraCol Energy Colombia is a Business Group (the "Group" or the "Branches") conformed by SierraCol Energy Arauca, LLC (Colombian branch, "Arauca"), SierraCol Energy Andina, LLC (Colombian branch, "Andina") and SierraCol Energy Condor, LLC (Colombian branch, "Condor"), which are branches of limited liability companies incorporated under the same name in accordance with the laws of the State of Delaware in the United States of America. The registered address for the branches is Calle 77A No. 11-32 in Bogotá, Colombia.

On October 1st, 2020 it was announced the agreement entered into by Occidental Petroleum Corporation ("OPC") and The Carlyle Group (Carlyle) associated to the sale of OPC onshore assets in Colombia to Carlyle for total consideration of $825 million, with $700 million up front and the remainder payable subject to certain production and commodity price targets.

SierraCol Energy Limited ("SCE Ltd" – the Parent), indirectly controlled by The Carlyle Group ("Carlyle"), is a private limited company incorporated in England, with registered offices located at 1st James's Market, London, Greater London, United Kingdom SW1Y 4AH. On December 18th, 2020, a transaction between Occidental Petroleum Corporation ("OPC") and Carlyle was effected (the "Transaction"), whereby SCE Ltd, among other things, acquired the entire share capital of SierraCol Energy Holder Ltd (formerly Oxycol Holder Ltd, hereinafter "Holder") and SierraCol Energy Andina, LLC (formerly Occidental Andina, LLC, hereinafter "Andina"), registered in Bermuda and Delaware, respectively, from Oxy Colombia Holdings, Inc. and Occidental International Holdings, Ltd, respectively, both subsidiaries of OPC, and thus acquired the interest of Holder and Andina, and their subsidiaries (and their respective branches in Colombia, SierraCol Energy Arauca, LLC, SierraCol Energy Andina, LLC and SierraCol Energy Condor, LLC). Prior to the Transaction, both Holder and Andina and their subsidiaries and their branches in Colombia (SierraCol Energy Arauca, LLC, SierraCol Energy Andina, LLC and SierraCol Energy Condor, LLC), were controlled by OPC. As of December 31, 2020, push down accounting has not been applied by the acquirer.

The purpose of the Group is to carry out exploration, exploitation, refining, sale and transport of oil, gas, hydrocarbons, and minerals in general.

As of December 31, of 2020 and 2019, the Group were participating in the following association, exploration and production contracts (joint arrangements):

Arauca is the Operator partner for Cravo Norte, Rondon, Chipiron and Cosecha Association Contracts signed with Empresa Colombiana de Petroleos ("Ecopetrol"). The mentioned contracts are located in Arauca Basin and all are in exploitation stage.

Andina is the Executor partner for La Cira Infantas ("LCI") and Teca-Cocorná Collaboration Agreements signed with Ecopetrol, both contracts are located in the Middle Magdalena Basin and are in exploitation phase. In addition, Andina is a non-operator partner of Cravo Norte, Rondon and Chipiron contracts which are operated by Arauca. Recently, Andina entered into Exploration & Production ("E&P") contracts with Amerisur located in the Putumayo area (Mecaya, Tacacho, Terecay, Put - 9 and Put -8) as non-operator partner. Putumayo contracts are under exploration phase.

Condor is the Operator of Llanos 52 and Llanos 39 E&P contracts signed with Ecopetrol, currently the contracts are in exploration phase.

As of December 31, of 2020 and 2019, the interest of the Group in joint operations is as follows:

Contract	Group´s Interest		Operator	Partners	Stage
	Investments	Production and Expenditures			
Cravo Norte	50%	45%	Arauca	Arauca, Andina, Ecopetrol	Exploitation
Rondón	50%	50%	Arauca	Arauca, Andina, Ecopetrol	Exploitation
Chipirón	70%	70%	Arauca	Arauca, Andina, Ecopetrol	Exploitation
Cosecha	70%	70%	Arauca	Arauca, Ecopetrol	Exploitation
La Cira Infantas	52%	48%	Ecopetrol	Andina, Ecopetrol	Exploitation
Teca - Cocorná	60%	40%	Ecopetrol	Andina, Ecopetrol	Exploitation
Mecaya	50%	50%	Amerisur	Andina, Amerisur	Exploration
Tacacho	50%	50%	Amerisur	Andina, Amerisur	Exploration
Terecay	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo-8	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo-9	50%	50%	Amerisur	Andina, Amerisur	Exploration
Caporal	56.25%	56.25%	Arauca	Andina, National Hydrocarbons Agency	Closed on 2020
Villanueva	50%	50%	Perenco	Andina, National Hydrocarbons Agency	Closing in Progress
LLA39	50%	50%	Cóndor	Condor, Ecopetrol	Exploration
LLA52	48%	48%	Cóndor	Condor, Ecopetrol	Exploration

2. Basis of the Preparation.

2.1. Technical Regulatory Framework.

The Combined Financial Statements include the financial statements of SierraCol Energy Arauca, LLC Colombian branch (Arauca), SierraCol Energy Andina, LLC Colombian branch (Andina) and SierraCol Energy Cóndor, LLC Colombian branch (Cóndor), which are under common control of SierraCol Energy Limited (SCE Ltd), company that is not registered in Colombia and in consequence does not have the obligation to present financial statements in Colombia.

These financial statements are presented on the basis of International Financial Reporting Standards as adopted in Colombia. These standards have been established in Law 1314 of 2009, regulated by the Unique Regulatory Decree 2420 of 2015, modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. The applicable standards in 2020 are based on the International Financial Reporting Standards (IFRS), along with its interpretations, issued by the International Accounting Standards Board (IASB); the based standards correspond to those officially translated to Spanish and issued by the IASB as of the second semester of 2018 and the incorporation of modifications to IFRS 16 Leases - Rent Reductions related to Covid-19 issued in 2020.

The detail of the accounting policies is included in Note 3 of this financial statement.

2.2. Measurement Base.

The combined financial statements have been prepared based on the historical cost except the following items, included in the Combined statement of financial position:

- The financial instruments related to investments in Trusts; whose classification is fair value through profit of loss.

- In relation to employee benefits, we have no assets for defined benefits and the liabilities are recognized through the projected credit unit method.

2.3. Functional Currency and Presentation Currency.

The functional currency (currency of the primary economic environment in which the Group operates) is the United States dollar (U.S. Dollars). The Combined financial Statements are presented in thousands of U.S. Dollars, except where otherwise is stated.

2.4. Use of Judgments and Estimates.

The preparation of the combined financial statements in accordance with the IFRS as adopted in Colombia require the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the amounts of the assets, liabilities and contingent liabilities on the reporting date, as well as the income and expenses of the year. The real results may defer from these estimates.

The relevant estimates and assumptions are reviewed on annual basis. The revisions of the accounting assumptions are recognized in the period in which the estimate is revised and in any future period affected.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the combined financial statements is included in the following notes:

- Note 3.16: Functional Currency.
- Note 20: Property, Plant and Equipment (proven crude oil reserves, depreciation, amortization, impairment and determining the value in use).
- Note 28: Deferred Income Tax.

Assumptions and estimation uncertainties

The information regarding estimates assumptions and uncertainties that have a significant risk of resulting in a material adjustment in the following financial year, is included in the following notes:

- Note 20: Property, Plant and Equipment (reserve estimations, depreciation, amortization, impairment and determining the value in use).
- Note 25: Provisions for employee benefits (measurement of the obligations for defined benefits).
- Note 27: Other Provisions (includes the estimates for the calculation of abandonment costs): key assumptions on probability and magnitude of an outflow of resources.
- Note 28: Deferred Income Tax.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or
- liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5. Changes in significant accounting policies.

The Group has consistently applied the accounting policies for all periods presented in this combined financial statement. New standards are also effective from January 1st, 2020, but do not have a significant effect in the Group combined financial statements.

New standards were also effective from January 1st, 2019, the impact it is presented below:

<u>IFRS 16 Leases:</u>

The Branches applied IFRS 16 Leases as of January 1, 2019, using the modified retrospective approach, under which assets and lease liabilities were recognized at the present value of payments pending to be made, discounted using the incremental loan rate of the lessee on initial application date. Details of the changes in accounting policies are disclosed below.

A. Definition of a lease

Previously, the Branches determined at contract commencement whether an agreement was or contained a lease under IFRIC 4 - "Determining whether an agreement is or contains a lease"; now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 3.8.

In the transition to IFRS 16, the Branches chose to evaluate the active contracts as of January 1, 2019 and applied IFRS 16 both to contracts identified as leases and to those service contracts that implied the lease of an asset (practical solution of IFRS 16 paragraph C5 (b) "retroactively with the accumulated effect of the initial application of the Standard recognized on the date of initial application").

B. As a lessee

As a lessee, the Branches lease many assets including offices, machinery, and equipment for the oil fields. Previously, as a lessee, the Branches classified leases as operating or financial based on its assessment of whether the lease significantly transferred all the risks and rewards inherent in ownership of the underlying asset to the Branches. Under IFRS 16, the Branches recognizes right-of-use assets and lease liabilities for several of the leases; in other words, these leases are recorded in the balance sheet. At the commencement or modification of a contract that contains a lease component, the Branches distributes the consideration in the contract to each lease component based on its independent relative price.

a. Leases classified as operating leases under IAS 17

Previously, the Branches classified property leases as operating leases under IAS 17. In transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted using the incremental rate defined by the Parent Company based on in the indebtedness of the corporation as of January 1, 2019. Right-of-use assets are measured at their amount equal to the lease liability, adjusted by the amount of any lease payments paid in advance or accrued; the Branches applied this approach to all its leases.

The Branches have tested its right-of-use assets for impairment at the transition date and has concluded that there is no indication that the right-of-use assets are impaired.

The Branches used one of the practical expedients by applying IFRS 16 to leases previously classified as operating leases under IAS 17. The Branches did not recognize right-of-use assets and liabilities for leases whose lease term ends within 12 months of the date of initial application and low-cost assets were not taken as an exception.

b. Leases classified as finance leases under IAS 17

The Branches leases various types of equipment for the productive operation of the field. These leases were classified as finance leases under IAS 17. For these finance leases, the book value of the right-of-use asset and the lease liability as of January 1, 2019 were determined at the book value of the lease asset and the lease liability under IAS 17 immediately before that date.

C. Impact on the Combined Financial Statements

Leases classified as finance leases under IAS 17.

On transition to IFRS 16, the Branches recognized additional right-of-use assets and lease liabilities. The impact on the transition as of January 1, 2019 is summarized below:

Concept	January 1, 2019
Right-of-use assets - Property, plant, and equipment	34,924
Lease liabilities recognized as of January 1, 2019	34,924

When measuring the lease liabilities for the leases that were classified as operating leases, the Branches discounted the lease payments using the Parent Company incremental loan rate as of January 1, 2019. The weighted average of the applied rate is 2.89%.

Concept	January 1, 2019
Liabilities for financial leases recognized as of December 31, 2018	11,397
Recognition exemption for leases with less than 12 months of lease term in transition	7,671
Lease liabilities recognized as of January 1, 2019	34,924

2.6 Basis of presentation

The purpose of these Combined Financial Statements is to provide general purpose financial information of the Group for the inclusion in an Offering Memorandum for the issuance of the Senior Notes due 2028.

Scope of the entities included in the combined financial statements

For the combination, the Group has included assets, liabilities, equity and income accounts and eliminated all balances and transactions between the Branches within the Group, likewise any unrealized expenses or income arising from transactions between the Combined Entities were eliminated during the preparation of the combined financial statements.

3. Significant Accounting Policies.

The accounting policies and the basis established below have been consistently applied in the preparation of the combined financial statements, according to the IFRS as adopted in Colombia, unless indicated otherwise (see note 2.5).

3.1. Foreign Currency

Foreign currency transactions are converted to the functional currency of the Group on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate on the respective reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are converted to the functional currency at the exchange rate of the date on which the fair value was determined. Non-monetary items measured in terms of historical cost shall be converted using the exchange rate on the date of the transaction. The foreign currency conversion differences are generally recognized in profit or loss and they are presented within the foreign exchange income (loss) .

3.2. Revenue

The information about the Group accounting policies related to contracts with clients is provided in note 4.

3.3. Financial instruments.

i) Initial recognition and measurement.

Financial Assets

Trade receivables are initially recognized when they are originated. All the other financial assets are initially recognized when the Group becomes part of the contractual provisions of the instrument.

A financial asset (unless it refers to a trade receivable without a significant financial component) is initially measured at fair value plus, for an item not at fair value through profit or loss, the transaction costs that are directly attributable to their acquisition or issuance. A trade receivable without a significant financing component is initially measured at the price of the transaction.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit and loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or is designated as such in the initial recognition. The Group financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and currency profit and loss are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii) Subsequent classification and measurement

Financial Assets

At the initial recognition, a financial asset is classified as measured at: amortized cost if it meets both of the following conditions and is not designated as at fair value through profit and loss.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are not reclassified after their initial recognition, unless the Group changes its business model in order to manage the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period after the change of the business model.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit and loss.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- Policies and goals set for the portfolio and the operation of such policies in practice. These include if the strategy of the management is focused on obtaining revenue from contractual interests, match the duration of the financial assets with that of the related liabilities or the expected cash outflows or make cash flows through the sale of the assets,

- The risks that affect the performance of the business model (and the financial assets maintained within that business model) and how such risks are managed.

The financial assets that are maintained in order to negotiate or that are managed and whose performance is assessed on a fair value basis are measured at fair value with income changes.

Financial assets - Assessing whether contractual cash flows are only payments of the principal and interests

For purposes of this assessment, the term “principal” is defined as the fair value of the financial asset at the moment of the initial recognition. “Interest” is defined as the consideration of the temporary value of money and the credit risk associated with the principal pending amount during a particular period of time and for other risks and costs of basic loans (e.g., liquidity risk and administrative costs), as well as a profit margin.

When assessing whether the contractual cash flows are only payments of the principal and interests, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that may change the time or the amount of the contractual cash flows in a way that it does not meet this condition. When performing this assessment, the Group considers:

- Contingent events that would change the amount or timing of the cash flows,
- Terms that can adjust the contractual coupon rate, including the variable rate features,

- Pre-pay and extension feature and,
- Terms that limit the claim of the Group for cash flows of specified assets (for instance, non-recourse features).

Financial assets - Subsequent measurement and profit and loss

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net profit and loss, including interest revenue, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced due to impairment losses. Interest income, profit, and loss due to foreign currency exchange and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

iii) Impairment of financial assets

The Group recognizes the provisions for expected credit losses in financial assets measured at amortized cost.

The Group measures the provisions for losses in an amount equal to the expected credit losses during its life, excluding the following, which are measured in 12-month expected credit loss:

- Debt values that are determined to have low credit risk on the reporting date and,
- Other debt values and bank balances for which the credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not significantly increased since its initial recognition.

Loss provisions for trade receivables are always measured in a quantity equal to the expected credit loss during its life.

When determining whether the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Group considers relevant reasonable information and it is available at no cost or undue effort. This includes both quantitative and qualitative analysis, based on the historical experience of Group and an informed credit assessment and including prospective information.

The Group assumes that the credit risk of a financial asset has significantly increased if it is past due on more than 30 days case in which that amount is provisioned.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or,
- The financial asset is past due on more than 90 days.

The 12-month expected credit losses are part of the expected credit losses which result from possible predetermined events within the next 12 months after the date of the report (or a shorter period if the expected useful life of the instrument is under 12 months).

The maximum period considered when estimating the expected credit losses is the maximum contractual period during which the Group is exposed to the credit risk.

Measurement of expected credit losses

Expected credit losses are a weighted estimation of the credit losses likelihood.

Credit losses are measured as the present value of all cash deficits, i.e., the difference between the cash flows owed to the entity according to the contract and the cash flows that the Group expects to receive.

The expected credit losses are discounted at the effective interest rate of the financial asset.

Impaired financial assets

On each report date, the Group assesses if the financial assets accounted at amortized cost have credit impairment. A financial asset has a "credit impairment" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The evidence of credit impairment of a financial asset includes the following observable data:

- Significant financial difficulties of the borrower or issuer
- A non-compliance with the contract, such as the non-compliance with a payment or past due on over 90 days
- Restructuring of an account receivable or advance payment by the Group in terms that the Subsidiary would not consider otherwise
- It is likely the borrower goes bankrupt or other financial reorganization or,
- The disappearance of an active market for a security due to financial difficulties.

Presentation of the ECL provision in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

iv) Write-off

Financial Assets

The Group derecognizes a financial asset when the contractual rights of the cash flows of the financial asset expire, or when it transfers the rights to receive such contractual cash flows in a transaction in which all risks and benefits of the ownership of the financial asset are substantially transferred or in which the Group does not transfer or substantially holds all risks and benefits of the ownership and does not hold control of the financial asset.

Financial Liabilities

The Group derecognizes a financial liability when its contractual obligations are released or paid off, or they expire. The Group also disposes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability is recognized at fair value based on the modified terms.

In the disposal of a financial liability, the difference between the extinguished book value and the compensation paid (including non-transferred assets or assumed liabilities) is recognized in income.

v) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4. Joint Arrangements.

IFRS 11 defines a joint arrangement as an arrangement in which two or more parties have joint control. The joint control is defined as a distribution of power established contractually, that exists only when the decisions on the relevant activities require a unanimous approval from the parties sharing the control.

When revising the Joint Arrangements, the Group found that all correspond to Joint Operations and recognized in relation to its participation on these the following:

a) Its assets, including its share of any assets held jointly.
b) Its liabilities, including its share of any liabilities incurred jointly.
c) Its revenue of ordinary activities from the sale of its share in hydrocarbons, product of the joint operation.
d) Its costs and expenses, including its share of the costs and expenses incurred jointly.

3.5. Inventories.

Inventories are assets:

a) Possessed to be sold under normal operational conditions.
b) In production process aimed at that sell.
c) In the form of materials or supplies, to be consumed in the production process, or in the provision of services.

The Group recognizes its inventories from the moment their risk and benefits are transferred.

The inventories that the Group handles are:

a) Finished goods
b) Materials and accessories
c) spare parts(*)
d) In transit materials.
e) Other inventories

The inventories are measured at cost or net realizable value, whichever is lower. The cost of material, spare parts and accessories inventories is based on the weighted average valuation method and includes the expenditure for the acquisition of inventories and other costs incurred in their transport to location and current conditions. For the finished goods inventory (crude inventory) the cost shall be the one for barrel production, determined as the division of the operation costs plus the depreciation and amortization, divided by the total number of produced barrels. This cost per barrel will be applied to the final crude inventory.

Inventories are measured at the lower of cost and net realizable value.

(*) The spare parts are used in maintenance activities and they are recorded in cost or expense during the period on the consumption basis.

3.6. Property, Plant and Equipment.

These are tangible assets that the Group has for use in production or supply of goods and services or for administrative purposes and are expected to be used for more than one period.

The book value of the Property, Plant and Equipment (PP&E) of the Group represents the cost incurred to acquire or develop the asset, including the asset retirement obligations and capitalized interests, net of accumulated depreciation, depletion, amortization and impairment charges.. The asset retirement obligations and the costs for incurred interests in relation to the capital expenses are capitalized and amortized during the useful life of the related assets.

The Group utilizes the Successful Efforts Method to account its oil and gas properties. Under this method, the Group capitalizes the costs of acquiring properties, the cost of drilling successful exploration wells and the development costs.

The successful efforts accounting method is used in the oil and gas industry to account for certain operating expenses. Under the successful efforts method, the Group capitalizes the costs incurred in searching for acquiring and developing oil and gas reserves, if they result directly in acquiring discoveries , or developing proved reserves. All other expenses are expensed as incurred.

Some costs may be capitalized as wells or constructions-in-progress until there is additional information about the existence of future benefits; as soon as the additional information becomes available, these costs can either be charged to expense (if there are no future benefits) or reclassified as a fixed asset (if there are future benefits). In the latter case, these costs are amortized as production occurs, so that expenses offset revenues.

Recognition and Measurement:

The Group will recognize a property, plant, and equipment item if it is probable that it obtains future economic benefits associated with the asset and the cost of the item can be reliably measured. The items of property, plant and equipment are measured at cost less the accumulated depreciation and accumulated impairment losses.

The initial cost of an asset includes expenses that are directly attributable to the acquisition of the asset to make it suitable for its use as well as the costs of dismantling, removing the items and restoring the site on which they are located. The capitalized value of right-of-use assets (lease contracts) is also included in property, plant and equipment.

The cost of the additions or upgrades to existing assets shall be capitalized if its useful life increases in more than a year or in its original specifications such as capacity, efficiency, or economic operation. The well services activities shall be capitalized, only if the proven reserves are increased.

If there is a replacement of a part of an equipment or facility, the proper accounting procedures should be used to ensure not doubling the value of the assets and/or reserves for depreciation and/or amortization.

The costs incurred in repair and maintenance of the existing assets must be recorded as expenses of the period. The costs incurred in greater maintenance must be recorded as expenses of the period.

Spare parts and materials capitalized as part of projects are items such as casing, wellhead, variators, ALS equipment, production tubing, among others, which are used in the capital projects (development wells) and they are amortized in accordance with actual consumption
Amortization:

The oil assets are amortized by the units of production method (UOP), for which the amortization rate is calculated according to the following formula, and this rate is multiplied by the net monthly production, to find the value of the monthly amortization.

$$(*)\ \text{Amortization rate (DD\&A)} = \frac{\text{Net Book Value (NBV)}}{\text{Proved developed reserves}}$$

(*) For purposes of the calculation of the amortization rate, the Group updates the net book value and the proved reserves every quarter.

Land is not depreciated, the rest of the general Property assets are depreciated using the straight-line method over the acquisition cost, according to the estimated useful life of each asset, as follows:

Property, Plant and Equipment	Useful life in years
Colon Building	33
Buildings and constructions; aqueducts, plants, and networks	20
Equipment and office equipment	10
Computers and communication equipment and vehicles	5
Oil Pipeline PP&E	UOP
Development Assets – PP&E	UOP
Other PP&E (ARO)	UOP

The depreciation and residual values methods are revised in each fiscal year and adjusted if necessary. As of December 31, 2020 and 2019, no residual values have been estimated.

Cash generating units (CGU):

A Cash Generating Unit (CGU) is the identifiable group of smaller assets, that generate cash inflows in favor of the entity that are, in good part, independent from the cash flows derived from other assets or asset groups. To determine the CGU, the Group applied judgment where each CGU was identified as a main area within which the assets share similar characteristics, infrastructure, and cash inflows.

Impairment:

Must be assessed, on each reporting date, if there is any sign of impairment. In case there is evidence, the Group must perform the impairment tests to its own PP&E on proved developed reserves to estimate the recoverable value of the asset.

The recoverable value of an asset or cash generating unit is the greatest value between its value in use and fair value minus selling costs. To determine the value in use, the estimated future cash flows are discounted from its present value, using a discount rate before taxes that shows that the current evaluations of the market over the temporary value of the money and the specific risks that the asset may have.

An impairment loss is recognized if the book value of an asset or its cash generating unit exceeds its recoverable value. The impairment losses are recognized in profit or loss.

The PP&E is grouped for impairment purposes in the lowest level for which cash flows are identified, and each CGU is determined. If there is an indication that the book value of the asset cannot be recoverable due to the decrease in the future and current prices, significant changes on the reserves estimates, changes in the management plans or other important events, the Group will evaluate the CGU for impairment. If the value in use is lower than the book value of the CGU, the book value is reduced, and it is expressed as an impairment charge in the period.

An element of property, plant and equipment is impaired when no future economic benefits derived from the continuous use of the asset are expected.

The profit or loss for the sale of an asset correspond to the difference between the consideration received from the transaction and the book value of the asset. These are included in the profit or loss of the period.

Right-of-use assets are depreciated through their expected useful life, in the same way that own assets, or through the lease term, whichever is shorter.

3.7. Exploration and Evaluation Assets.

The exploration and evaluation assets are expenditures in connection with the exploration and evaluation that are recognized as assets according to the accounting policies of the Group.

The Group recognizes an exploration and evaluation asset when:

a) It is probable that the Group obtains future economic benefits derived from it.
b) The cost of the element can be reliably measured.

The Group applies the successful efforts method in the recognition of the exploration and evaluation asset, which consists in capitalizing the value of the asset (well) as development and exploitation asset once it is finished if the well turns out successful, or it is taken to expenditures if it is not successful.

The Group measures the exploration and evaluation assets through the cost model and it is not subjected to depreciation or amortization.

The Group should assess the value impairment of the exploration and evaluation assets when the facts and circumstances suggest that the book value may exceed its recoverable value.

The expenditures of geological, geochemical, and geophysical expenses (G&G) are recognized as expenses when they are incurred.

3.8. Leases.

At inception of a contract, the Group assesses if that contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period in exchange for a consideration. In order to assess if a contract transfers the right to control the use of an identified asset, the Group utilizes the definition of lease in IFRS 16.

As a lessee

At commencement or during the modification of a contract containing a lease component, the Group allocates the compensation in the contract for every lease component upon the base of the independent relative price.

The Group recognizes a right-of-use asset and a lease liability on the initial date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any rent payment made on or before the initial date, plus the initial direct costs incurred and an estimation of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site it is located in, minus the received lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the initial date until the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group exercise a purchase option. In such case, the right-of-use asset shall be depreciated throughout the useful life of the underlying asset, which is determined upon the same basis of those in Property and Equipment. Additionally, the right-of-use asset is periodically reduced by impairment losses, if applicable, and it is adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the rent payments that are not paid on the initial date, deducted using the interest rate implicit in the lease or, if such rate cannot be easily determined, the incremental rate for loans defined by the Parent Company based on their debt amount. Generally, the Group uses an incremental rate for loans defined by the Parent Company as discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments which depend on an index or rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is once again measured when there is a change on the future lease payments which arise from a change in an index or rate, if there is a change of the Group's estimation of the amount that it expects to pay under a residual value guarantee, if the Group changes its evaluation whether to exercise a purchase option, extension or termination or if there is a fixed lease payment revised in essence.

When the lease liability is measured in this way , the adjustment corresponding to the book value of the right-of-use asset is performed, or it is recorded in profit or loss if the book value of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in the "Property, Plant and Equipment" item, and the lease liabilities in "Lease Liabilities" within the Combined Statement of Financial Position.

Short-term leases

The Group has decided not to recognize right-of-use assets and lease liabilities for short-term leases. The Group recognizes lease payments associated with such leases as a current expenditure during the term of the lease.

3.9. Provisions - Abandonment Costs.

The Group recognizes the current value of abandonment costs in the period in which it is determined that a present legal obligation exists that at the end of the useful life, an asset must be dismantled, regenerated or repaired and the obligation cost for abandonment may be reasonably estimated. The value of the liability is

based on estimates of the future abandonment costs and incorporate assumptions such as abandonment time, technological changes, future inflation rates and discount rates adjusted to the risk. When the liability is recognized for the first time, the Group capitalizes the cost through the balance increase related to PP&E. If the obligation of the abandonment estimated future cost changes, the Group registers an increase in the Abandonment Liability against PP&E on the Statement of Financial Position. A portion of the asset and the liability is registered in costs each year for the depreciation calculation and for the revision of the liability present value during the life of the asset.

3.10. Employee Benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

The Group gives benefits to its employees in the short-term, long-term, post-employment benefits and termination benefits, which are recognized in accordance with IAS 19, as follows:

Defined contribution Plans:

The value (without discount) of the defined contribution plans is recognized when the employee has rendered his services during the accounting period, as liability, after deducting any already satisfied value. If the paid amount is higher than the amount without deducting the benefits, the Group recognizes the difference as: i) an asset (anticipated payment of an expense), to the extent that the anticipated payment gives place to a reduction in future payments or to a cash refund; ii) as an expense, unless another standard demands or allows the inclusion of the above-mentioned benefits in the cost of an asset.

In the case of benefit plans, these are recognized when there is a present, legal or implicit obligation, to make such payments as a result of events that occurred in the past and a reliable estimate of the amount of such obligation can be done.

Other long-term employee benefits:

The Group recognizes the long-term benefits for its obligations with each one of its workers as consequence of their acquired right, in accordance with the current law and the existing employment agreements, in the liability against the profit or loss of the period.

Defined benefit Plans:

The Group recognizes as defined benefit plans, its obligations with each one of its workers as consequence of their acquired right, in accordance with the current law and the existing employment agreements.

Retirement Pension: The Group has a pension plan of defined economic benefits and it is funded through payments performed to a fund managed by a trust.

The pension plans of defined benefits establish the benefit amount per pension that an employee will receive at his retirement, which usually depends on one or more factors, such as, age of the employee, years of service and compensation.

The assets kept by the Group in the existing funds for the payment of retirement pensions are not considered assets of the defined benefit plan, since their use is not restricted to pension payment, which is why said assets are not included in the calculation of the deficit or surplus of the plan.

This measurement method requires the use of actuarial techniques to make a reliable estimate of the final cost for the Group of the benefit that the employees have earned in change of their services in the present and previous periods. This requires the Group to determine the amount of the benefits that result attributable to the present period and the previous ones, and carry out the estimates (actuarial assumptions) regarding the demographic variables (such as employee rotation and mortality) and financial (such as future increases in salaries and in medical aid costs) that affect the cost of the benefits.

The calculation of the obligations for defined benefits is currently carried out by a qualified actuary to perform the necessary actuarial studies according to the IAS 19.

Termination Benefits:

The Group recognizes the benefits for the termination of the labor contract without just cause, as a liability and as an expense, when it is demonstrably committed to:

- Revoke the link that unites the Company and the employee or a group of employees before the normal retirement date, or
- Pay said benefits as a result of an offer presented to encourage the voluntary resignation of the employees.

3.11. Provisions, Assets and Contingent Liabilities

The provisions are recognized when the following circumstances are met:

a) The Group has a present obligation (either legal or implicit) resulting from a past event.

b) It is likely that the Group has to detach from resources, that incorporate economic benefits to pay said liability.

c) A reliable estimate of the value of the liability may be done.

The Group takes the following criteria into account to determine the probability of an outflow of resources:

- Probable (>50%): A provision will be recognized.
- Possible (10% - 50%): A contingent liability will be disclosed.
- Remote (<10%): Nothing is done.

The estimates of each one of the possible endings, as well as its financial effect, is determined by the judgment of the Group's management, complemented by the existing experience on similar operations and, in most cases, by reports from experts. The evidence to be considered includes, likewise, any type of additional information derived from the events occurred after the period being informed.

The provisions are measured at present value of the expenditures expected to be required to pay the obligation, using an interest rate before taxes that shows the current conditions of the market over the value of the money and specific risks for such obligation. There are provisions for fines and labor and retirement disputes.

Contingent assets are not recognized in financial statements, however, when the realization of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

3.12. Net Parent Investment

Net Parent investment

For local purposes the Group entities established in Colombia as branches of foreign entities, are not considered independent entities, instead they are an extension of the Parent Company. Consequently, the Branches book their cash flows with the Parent Company as the movement of net parent investment.

3.13. Taxes

3.13.1. Income taxes:

The income tax expense comprises the current and deferred tax. It is recognized in profit or loss, except to the extent that it is related to items directly recognized in equity or other comprehensive income.

The Group has determined that the interests and fines related to income taxes, including uncertain fiscal treatments, do not comply with the definition of income tax, and thus they were recorded under IAS 37 - Provisions, contingent liabilities, and contingent assets.

3.13.2. Current Tax:

Current tax is the amount payable or recoverable for current income tax, it is calculated following the Tax Law enacted on reporting date. Management periodically assesses the position assumed in tax returns, regarding situations in which tax laws are object of interpretations and, if necessary, constitute provisions over the amounts that shall be paid to tax authorities.

To determine the provisions for income tax, the Group calculates it based on the greater value between the taxable profit or the presumptive income (minimum profitability on the net equity of the previous year that the law presumes to establish the income tax).

The Group only offsets the assets and liabilities for current income taxes, if there is a legal right before the tax authorities and intends to settle the debts resulting from its net value, or, realize the assets and settle the debts at the same time.

3.13.3. Deferred Taxes:

The deferred tax is recognized using the method of the liability, determined by the temporary differences between the tax bases and the book value of the assets and liabilities included in the financial statements.

The deferred tax liabilities are those amounts payable in the future for income tax related to the taxable temporary differences, while the assets for deferred taxes are those recoverable amounts of income tax due to the existence of deductible temporary differences, compensable negative taxable basis or deductions pending for application. For these purposes the temporary difference refers to the difference between the book value of assets and liabilities and their tax basis.

Recognition of taxable temporary differences:

The deferred tax liabilities derived from the taxable temporary differences are recognized in all cases, except when:

- They arise from the initial recognition of the surplus or of an asset or liability in a transaction that is not a combination of businesses and on the transaction date it does not affect neither the accounting result nor the taxable base.

- They correspond to differences associated with investments in subsidiaries, associates, and joint businesses on which the Group has the capacity of controlling the timing of the reversal and their reversal is not likely to occur in a foreseeable future. The Group has not invested or does not have any relationship of control with subsidiaries or associates.

Recognition of deductible temporary differences:

The assets for deferred taxes derived from the taxable temporary differences are recognized provided that:

- It is likely that there is enough future taxable profit for its compensation, except in those cases in which the differences arise from the initial recognition of assets or liabilities in a transaction that is not a combination of businesses and on the date of the transaction it does not affect neither the accounting result nor the taxable base.

- They correspond to temporary differences associated with investments in subsidiaries, associates and joint businesses to the extent that the temporary differences revert in a foreseeable future and the generation of taxable profit is expected to compensate the differences, the Group has not invested or does not have any relationships of control with subsidiaries, associates or joint businesses;

The assets for deferred taxes that do not meet the aforementioned conditions are not recognized in the statement of financial position. The Group reconsiders at the year end, if the conditions to recognize the assets for deferred taxes that had not previously been recognized are met.

Tax planning opportunities are only considered in the assessment of the recovery of assets for deferred taxes, if the Group intends to adopt them or it is likely it adopts them.

Measurement:

Assets and liabilities of deferred taxes are measured using tax rates that apply in the years in which it is expected to recover assets or pay liabilities, using tax rates enacted or substantively enacted at the reporting date, and once considered the tax consequences resulting from the way in which the Group expects to recover assets or settle the liabilities.

The Group revises at the year end, the book value of the assets for deferred taxes, in order to reduce said value to the extent that it is not likely to exist enough future positive taxable basis to compensate them.

The Group’s non-monetary assets and liabilities are measured in terms of its functional currency. If tax profits or losses are calculated on a different currency, the exchange rate variations give place to temporary differences and the recognition of a deferred tax liability or asset and the resulting effect is charged or included in the profit or loss of the period.

Compensation and classification:

The Group only offsets the assets and liabilities for deferred income tax if there is a legal right of compensation before tax authorities and such assets and liabilities correspond to the same fiscal authority and the same taxable person or different taxable persons who intend to pay or make assets and current tax liabilities at their net amount or realize the assets and settle the liabilities simultaneously in each of the future exercises that are expected to be settled or recover significant amounts of assets or liabilities for deferred taxes.
The assets and liabilities for deferred taxes are recognized in the Combined Statement of Financial Position as non-current assets or liabilities, regardless of the expected date of creation or settlement.

3.13.4. Uncertain tax positions

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.13.5. Industry and Commerce Tax

In the application of Article 76, Law 1943 of 2018, the Group recognized as a year's expense the totality of the Industry and Commerce Tax incurred in the year, the value susceptible to be imputed as a tax discount is treated as a non-deductible expense in the determination of the income tax for the year, the applied tax discount reduces the value of the current income tax expense for the period; regarding the balances susceptible to be applied as a tax discount for the following year, an asset was recognized for deferred tax.

3.14. Financial income and costs

Financial income and financial costs of the Group includes the following:

- Interest income.
- Interest expenditure.
- Net profit or loss in financial assets recorded at fair value through profit or loss.
- Profit or loss due to the conversion of financial assets and liabilities in a foreign currency.

Interest income or expenditure is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly deducts the estimated future payments or cash receipts during the expected useful life of the financial instrument for:

- The gross book value of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15. Expenses recognition

The Group recognizes its costs and expenses, according to the occurrence of economic facts in such a way that they are systematically recorded in the corresponding accounting period (accrual accounting), independently of the flow of monetary or financial resources (cash accounting).

An expenditure is immediately recognized, when it does not generate economic benefits or when it does not comply with the requirements necessary for its recording as asset.

3.16. Functional Currency

To determine the functional currency, the main economic environment in which the Group operates must be taken into account, which is normally that in which cash is generated and used. The Group takes the following factors into account:

a) The currency that mainly influences in the sell prices of the goods and services.
b) The currency of the country whose competitive forces and regulations fundamentally determine the sell prices of its goods and services.
c) The currency that fundamentally influences labor, materials and other costs related to produce the goods or provide the services.
d) The currency in which the entity obtains most of its funding (i.e. whichever corresponds to the issued debt and equity instruments).
e) The currency in which the values charged for operation activities are kept.

3.17. Issued non-effective standards

Issued standards and amendments

Below are the amendments issued by the IASB during 2019 and 2020; some of them entered into force worldwide as of January 1st, 2020 and 2021 and other will enter into force as of January 1st, 2022 and 2023. These standards have not been adopted in Colombia yet.

Financial information standard	Subject of the standard or amendment	Detail
IFRS 9 - Financial instruments IAS 39 - Financial instruments - recognition and measurement IFRS 7 - Financial instruments - information to disclose.	Interest Rate Benchmark Reform (modifications to IFRS 9, IAS 39 and IFRS 7)	Addition of paragraphs 6.8.1 to 6.8.12 of IFRS 9, regarding temporary exceptions from applying specific hedge accounting requirements Incorporation of paragraphs 102A to 102N and 102N to 108G to IFRS 39, regarding temporary exceptions from applying specific hedge accounting requirements. Paragraphs 24H are incorporated regarding the uncertainty that arises from the Interest Rate Benchmark Reform, 44DE and 44DF (validity and transition date). The amendment is applicable as of January 1 2020 and its earlier application is permitted (although a significant impact for Colombian entities is not expected) and its requirements shall be applied retroactively only to those hedging relationships that existed at the beginning of the period being reported and in which the entity apply such requirements for the first time.
IFRS 9 - Financial instruments IAS 39 - Financial instruments - Recognition and measurement IFRS 7 - Financial instruments - information to disclose. IAS 4 - Insurance contracts. IFRS 16 - Leases	Interest Rate Benchmark Reform - Phase 2	The following paragraphs are added 5.4.5 to 5.4.9 Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform (measurement at amortized cost), 6.8.13 Finalization of the temporary exceptions from applying specific hedge accounting requirements, 6.9.1 to 6.9.13 Additional temporary exceptions arising from Interest Rate Benchmark Reform, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for Interest Rate Benchmark Reform Phase 2 of IFRS 9.

Financial information standard	Subject of the standard or amendment	Detail
		Paragraph 102M regarding the end of application of temporary exceptions from applying specific hedge accounting requirements is modified, paragraphs 102O to 102Z3 Additional temporary exceptions arising from interest rate benchmark reform and 108H to 108K Effective date and transition are added, and new headings are added, from IAS 39. The following paragraphs are added: 24I and 24J Additional disclosures related to interest rate benchmark, 44GG and 44HH Effective date and transition, as well as subheadings, from IFRS 7. Paragraphs 20R and 20S Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform are added, as well as paragraphs 50 and 51 Effective date and transition, and new subheadings are added, from IFRS 4. Paragraphs 104 to 106 Temporary exception arising from interest rate benchmark reform are modified, and paragraphs C20C and C20D Interest Rate Benchmark Reform - Phase 2 are added, from IFRS16. The amendment was issued in August 2020 and must be applied on or after January 1 2021 and their earlier application is permitted.
IAS 16 - Property, Plant and Equipment.	It is modified in relation to proceeds before intended use.	The modification covers costs directly attributable to the acquisition of the asset (which is part of the PP&E element) and they refer to “the cost of testing that the asset is operating properly (i.e., whether the technical and physical performance of the asset is such that it can be used for the production or supply of goods or services, in order to be leased to third-parties or for administrative purposes)”. Paragraph 20A states that inventory production, while the PP&E element is capable of operating in the manner intended by management, at the moment of sale, shall affect the result of the period, together with-it corresponding cost. The amendment must be applied on or after January 1 2022 and its earlier application is permitted. Any effect on its application shall be performed retroactively but only to PP&E items that are brought to the location and conditions necessary for them to be capable of operating in the manner intended by management as of the first period presented in the financial statement in which the entity applies the modifications for the first time. The accumulated effect of the initial application of such modifications will be recognized as an adjustment to the opening balance of accumulated profit (or other equity component if applicable) at the beginning of the first presented period.
IAS 37 - Provisions, contingent liabilities, and contingent assets.	Onerous Contracts - Cost of Fulfilling a Contract	It clarifies that the cost of fulfilling a contract comprises the costs directly relating the contract (cost of direct labor and materials, and the allocation of costs directly related to the contract).

Financial information standard	Subject of the standard or amendment	Detail
		The amendment must be applied on or after January 1 2022 and its earlier application is permitted. The effect of the application of the modification shall not restate comparative information. In turn the accumulated effect of the initial application of such modifications will be recognized as an adjustment to the opening balance of accumulated profit or other equity component, if applicable, on the date of initial application.
IAS 1 - Presentation of Financial Statements.	Modifications related to the classification of liabilities as current or noncurrent are made.	Such modification was issued in January 2020 and subsequently modified in July 2020. It modifies the requirement to classify a liability as current by establishing that a liability is classified as current when "it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period". Clarifies in paragraph 72A that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period shall be substantial and, as stated in paragraphs 73 to 75, it must exist before the end of the reporting period". The amendment must be applied on or after January 1, 2023 and its earlier application is permitted. The effect of the application on comparative information shall be made retroactively.

4. Revenue

- Revenue

The Group recognizes the revenue primarily from:

a) Oil crude sales.
b) Gas Sales.
c) Service provision revenues.

- Revenue breakdown

The following table shows the breakdown of the main products and services:

Thousands	**2020**	**2019**
Oil Crude (1)	535,541	767,547
Gas	588	559
Services	553	1,122
Total Revenue	**536,682**	**769,228**

(1) Below is the composition of crude oil sales between local sales and exports:

in thousands, except for barrels and average price	**2020**			**2019**		
	Barrels	Average Price	**Amount**	Barrels	Average Price	**Amount**
Exports (US)	2,898,057	42.69	123,730	3,486,938	63.75	222,292
Local Sales (Colombia)	10,807,752	38.10	411,811	9,792,805	55.68	545,255
Total	**13,705,809**	**39.07**	**535,541**	**13,279,743**	**57.80**	**767,547**

The Group Oil sales comes from the Llanos Norte (Cravo Norte, Rondón, Chipirón and Chipirón), LCI and Teca-Cocorná contracts.

Llanos Norte production was transported through the pipeline "Caño Limón – Coveñas (OCC)" , and it was exported in the first semester of 2020. During the second semester the production was sold to Ecopetrol under Local Sales Contract executed by Ecopetrol, Arauca and Andina to trade the Llanos Norte crude. The term of the contract is one (1) year, from July 1st, 2020 to June 30th, 2021.

- <u>Performance obligations and revenue recognition policies</u>

The revenue measurement is based on the considerations established in the contracts with clients. The Group recognizes revenues when it transfers the control over the goods or services to the client.

The following table provides information on the nature and the opportunity to fulfill performance obligations in contracts with clients, including significant payment terms and related revenue recognition policies:

Type of product / service	**Nature and opportunity to fulfill performance obligations, including significant payment terms.**	**Revenue recognition policies**
Crude oil	Contract for the supply of Llanos Norte crudes (property of Arauca and Andina) to Ecopetrol: The Contract was signed on June 24th, 2020. The sales take place whenever the evacuation of crude is feasible through the pipeline "Caño Limón Coveñas" and the delivery and transfer point are the available crude storage tanks inlet flanges in Coveñas. The term of the contract is one (1) year, with effective date July 1st, 2020 to June 30th, 2021. Payment is made within 15 days. The price formula is defined according to the crude quality, which is measured by the transporter responsible for the custody of the crude, as follows: 1. Crude defined as pure Caño Limon Price formula = ICE Brent average of delivery month + Vasconia Differential average of delivery month + $0.80/bbl. – 50% Cost per barrel in US dollars of sample taking and analysis.	The revenue is recognized when the client obtains control of the crude oil, which is generally as follows: • Exports: When the crude is delivered to the Tanker Loading Unit TLU of the Conveñas Terminal. • National sales: When the crude is delivered to the flanges inlet in the crude storage tanks available in Coveñas.

	2. Crude defined as lower-quality Caño Limon Price formula = ICE Brent average of delivery month + Vasconia Differential average of delivery month + $0.40/bbl. – 50% Cost per barrel in US dollars of sample taking and analysis. 3. Crude defined as Vasconia quality Price formula = ICE Brent average delivery month + Vasconia Differential average of delivery month - 50% Cost per barrel in US dollars of sample taking and analysis.	
Gas	Contract for the supply of gas, whose performance obligation is fulfilled at a point in time with each delivery made to the client and its payment is made within 30 days. It only applies to LCI.	The revenue is recognized when the client obtains control of the gas, which is generally when the gas is delivered in the flange outlet meter of the gas plant.
Services	Corresponds to ad hoc services which are billed on a monthly basis related to the use of the equipment, whose performance obligation is fulfilled at a point in time and the payment is made 30 days after invoicing.	The revenue is recognized when the client obtains control over the received service.

5. Cost of sales

The following table shows the detailed Cost of sales for the years ended December 31, 2020 and 2019:

Thousands	**2020**	**2019**
Cost of purchase crude	-	12,033
Production cost	10,411	8,324
Pipeline cost	30	58
Depreciation, depletion, and amortization	199,975	212,360
Impairment of property, plant and equipment (note 8)	67,643	2,209
Pipeline tariff (1)	9,505	6,416
Workover and wellservices (2)	25,165	41,169
Inventory variance	10,534	12,556
Maintenance	28,750	31,875
Supports	31,340	30,409
Energy	38,571	38,818
Abandonment cost	4,254	2,503
Dry hole cost (3)	-	22,892
Exploration and seismic expenses	4,269	6,709
Distribution cost	(49)	(23)
Cost of Sale	**430,398**	**428,308**

(1) The increase in pipeline tariff is due to the use of pipeline during 2020 in which the System works without major interruptions; as a result, Llanos Norte production was transported through it. During 2019 most of the time the pipeline "Caño Limón – Coveñas" was out of service and the production was evacuated through the Emergency Evacuation Procedure (acronym EEP) in which all the production was sold in the field directly to Ecopetrol.

(2) In 2020, due to the pandemic and the reduction of the oil price, the activity of workover and wellservices was reduced.

(3) The variance between both years comes from the current year exploratory wells activity declared dry in the previous years.

6. Other income

The following table shows the detailed Other income for the years ended December 31, 2020 and 2019:

Thousands	**2020**	**2019**
Material sales	356	495
Joint venture settlement received	1,166	-
Income from Tax Reimbursement Certificates	557	-
Recoveries (1)	3,574	-
Other	185	159
Other income	**5,838**	**654**

(1) Recoveries includes the reimbursement received from the OPC subsidiaries abroad in connection to the local employees assigned temporally (inpatriates) $687, long term incentive relief received from Parent Company $258, Calamaro exploratory well reimbursement received from Ecopetrol $151, the recovery of dispute provisions by $1,454 and the recovery of provision of dryholes for $1,024.

7. Administrative expenses

The following table shows the detailed Administrative expenses for the years ended December 31, 2020 and 2019:

Thousands	**2020**	**2019**
Personnel expenses (1)	36,930	39,684
Fees (2)	3,871	20,273
Taxes	191	364
Leases	2,760	29
Contributions	27	11
Insurances	1,436	331
Services	2,172	3,923
Repair and maintenance	1,478	2,304
Travel expenses	171	129
Other	2,104	3,760
Overhead (3)	(14,119)	(22,415)
Administrative expenses	**37,021**	**48,393**

(1) Personnel expenses for the years ended December 31, 2020 and 2019 includes:

Thousands	2020	2019
Salaries wages	15,141	15,461
Bonus	5,669	5,737
Non-tax related contribution (Social Security)	1,576	1,524
Severance and severance interest	207	171
Other employees' benefits	4,376	4,989
Retirement pensions interest cost	596	1,664
Taxes (a)	4,853	4,782
Educational allowance	83	370
Prepaid Medical Care allowance	2,490	2,428
Employees' funds	1,271	1,316
Relocation expenses	614	1,194
Others	54	48
Personnel expenses	**36,930**	**39,684**

(a) Taxes includes the expatriate tax expenses assumed by the Company and the tax settlement calculation for the employees assigned abroad.

(2) Fees includes the charges paid to OPC (former ultimate controlling entity). During 2020 charges associated with administrative support were received.

(3) Overhead is the administrative surcharge agreed by the partners of the association or collaboration contracts.

8. Impairment expenditure

The following table shows the detailed Impairment expenditure for the years ended December 31, 2020 and 2019:

Thousands	2020	2019
Property, plant, and equipment (1)	67,675	2,101
Stock inventory obsolescence	(32)	108
Impairment expenditure	**67,643**	**2,209**

(1) Further information is disclosed in Note 20.

9. Other expenses

The following table shows the detailed Other expenses for the years ended December 31, 2020 and 2019:

Thousands	2020	2019
Legal claims	158	1,568
Tax withholding assumed (1)	597	276
Joint venture settlement received	582	397
Tax fines and interests	47	1,332
Joint venture adjustments	296	-
Putumayo guarantees	47	-
Donations	20	37
Pension lawsuit claims	410	-
Other (2)	187	202
Other expenses	**2,344**	**3,812**

(1) Includes the tax withholding associated with the charges received from the former owner.

10. Financial income

Current year activity includes the Financial income received from the bank and trust accounts. The income for 2020 and 2019, amounts to$3,996 and $4,540, respectively.

11. Financial expenses

The following table shows the Financial expenses for the years ended December 31, 2020 and 2019:

Thousands	2020	2019
Bank expenses	1,567	2,239
Interest expense	231	192
Leases interest	529	950
Financial expenses	**2,327**	**3,381**

12. Foreign exchange loss / (income)

The following table shows the impact of the monetary position for the years ended December 31, 2020 and 2019:

Thousands	2020	2019
Realized exchange rate difference	(2,032)	10,203
Unrealized exchange rate difference	9,748	(14,635)
Foreign exchange loss (income)	**7,716**	**(4,432)**

The amount comes from the changes in the Colombian pesos' monetary balances and the devaluation of the Colombian peso between both years (2020 USD/COP $3,432.50 vs 2019 USD/COP $3,277.14).

13. Income tax expense

In accordance with the current fiscal rules, the Group is subject to income tax and complementary taxes. The applicable rates for 2020 and 2019 were 32% and 33%, respectively.

The base to determine the income tax cannot be lower than 0.5% and 1.5% for 2020 and 2019, respectively of the net parent investment on the last day of the immediately preceding taxable year (presumptive income).

Taxable rate for fortuitous profit is of 10%.

For local purposes, the income tax of the Colombian Branches is determinate on the standalone basis and each Branch file a separate tax return.

In addition:

i) Income tax returns for taxable years 2016, 2017, 2018, 2019 and 2020 are open for tax review by tax authorities, additional taxes are not foreseen in case of an inspection.

ii) The returns regarding the Income Tax on Equity (acronym CREE) for taxable year of 2016 is subject to review by tax authorities; no additional taxes are foreseen in case of an inspection.

The expense in the combined financial statements for income tax for years ended on December 31 comprise:

Thousands	**2020**	**2019**
Income tax expense:		
Income tax – Arauca	39,732	31,793
Income tax – Andina	25,458	68,564
Income tax – Condor	-	-
Current income tax	**65,190**	**100,357**
Deferred tax:		
Deductible temporary differences change – Arauca	(3,994)	9,730
Deductible temporary differences change – Andina	(14,799)	6,971
Deductible temporary differences change – Condor	-	-
Total deferred income tax expense	**(18,793)**	**16,701**
Total income tax expense	**46,397**	**117,058**

To date, there are no tax losses carried forward pending for offsetting.

The income tax returns for 2016 onwards shall be opened for National Tax Authority reviewing for three (3) years. For entities that apply transfer prices rules, the income tax returns for 2016 onwards shall be opened for six (6) years. This rule also applies to returns in which tax losses are compensated. For those returns that generate tax losses until 2018, the income tax return shall be opened for twelve (12) years and from 2019, the income tax return shall be opened for five (5) years.

For Arauca and Andina Branches the income tax returns of 2016, 2017, 2018 and 2019 are open for auditing by the tax authority. CREE´s tax return of 2016 (Arauca and Andina) is open for auditing.

Effective rate reconciliation

The effective income and complementary taxes rate of the Group differs from the applicable nominal rate in accordance with current regulations. Below is the detail of the reconciliation between rates:

Thousands	2020		2019	
	Values	**Rates**	**Values**	**Rates**
Net profit before income tax	**82,142**		**286,096**	
Income tax applying nominal rate	26,285	32.00%	94,412	33.00%
Non-deductible expenses	3,032	3.69%	4,237	1.49%
Non-deductible donations	18	0.02%	11	0.00%
(Deductible) non-deductible taxes	(52)	(0.07)%	382	0.13%
Tax rate effect of temporary differences and conversion effect of the Branches (1)	17,114	20.83%	19,294	6.74%
Prior year adjustment	-	0.00%	(1,278)	(0.45)%
Total income tax expense	**46,397**	**56.48%**	**117,058**	**40.92%**

According to current tax legislation in Colombia, neither the distribution of dividends nor the withholding of profits represents an effect on the income tax rate.

(1) This amount corresponds to: i) the difference between the tax rates applied to temporary differences movement and the tax rate applied over the current income tax basis (deferred tax rate FY 2021 is 31%, FY 2022 onwards is 30% and current tax rate FY 2020 is 32%); and ii) the tax rate applied over the conversion effect in the deferred tax calculation for separate financial statements of the Branches.

Economic Growth Law - (Tax Reform)

In December 2018, the Tax Law in Colombia was modified through Law 1943 gradually reducing the income tax rate and gradually reducing the rate for the settlement of the presumptive income until its elimination as of 2021, among other reforms.

Given the unenforceability of Law 1943 as of January 1 2020, the National Government issued on December 27 2019, Law 2010, or Economic Growth Law, which gathers in-favor provisions contained in Law 1943 of 2018 and were considered essential for the economic growth and the competitiveness in the country; likewise it introduces some modifications. Below, some of the relevant aspects:

- The tax rates approved remain unchanged and are as follows: 2020 is 32%, 2021 is 31%, and as of 2022 the rate will be 30%.
- The Economic Growth Law for purposes of calculating the income tax under the presumptive income regime continues gradually dismantling the 0.5% rate for 2020, and 0% as of 2021 and subsequent years.
- 100% of the taxes, rates and contributions effectively paid in the taxable year that have causal relationship with the income generation remain deductible (except income tax); 50% of the financial transaction tax (“GMF” Acronym in Spanish) will be deductible, regardless of whether or not it has a causal relationship with the income generating activity.
- 50% of the Industry and Commerce Tax, may be treated as tax credit for the income tax of the taxable year in which it is effectively paid off, and to the extent that it bears causality relationship with its economic activity. As of 2022, 100% deducted.

- The following remain as tax discounts (i) VAT paid for the import, development, construction or acquisition of productive real fixed assets including the services necessary for their construction and startup; this discount shall only be used by those responsible for sales tax, (ii) the Industry and Commerce Tax in the terms described in the section above.
- Regarding the dividends tax, the following modifications were introduced:
  - 10% increase for the withholding at source rate on untaxed dividends, decreed for the benefit of foreign partnerships and entities, non-resident natural persons and permanent establishments.
  - There was a modification for the table applicable to nontaxable dividends decreed in benefit of natural persons resident of the country and illiquid successions of taxpayers residing in the country, disponing a marginal rate of 10% for dividends that exceed 300 Tax Value Units (“UVT” Acronym in Spanish).
  - It was ordered that the tax on levied dividends shall be determined: (i) applying the income rate that corresponds to the year in which they are decreed (33% for 2019; 32% for 2020, 31% for 2021; and 30% for 2022) and (ii) regarding the surplus, the applicable rate will be the one that corresponds to the untaxed dividend, depending on the beneficiary (if it is a resident natural person or illiquid succession of resident cause the table will apply and for the other cases the 7.5% rate shall apply).
  - The regime for withholding at source on dividends decreed for the first time to national companies remains in force, and it will be transferable up to the final beneficiary resident natural person or investor residing abroad with the 7.5% rate.
  - The dividends decreed with charge to profit of years 2016 and earlier, will maintain their current treatment for such moment; and those corresponding to profit for years 2017, 2018 and 2019 decreed as of 2020 will be governed by the rates provided in Law 2010.
- The Economic Growth Law specifies that taxpayers may opt for the works for taxes mechanism, as a means to extinguish the tax obligation, provided in Article 238, Law 1819 of 2016, or for the direct investment agreement set forth in Article 800- 1 of the Tax Law.
- The Economic Growth Law establishes that the firm term for the income tax returns of the taxpayers that determine or compensate for fiscal losses or that are subject to the transfer prices regime, shall be five (5) years as of the income tax return.
- The correction term for taxpayers that submit corrections that increase the tax or reduce the credit balance, is modified taking into account that the term the taxpayer had to voluntarily correct their tax returns was two (2) years, with the Growth Law, such term is modified and it is unified with the general term of the returns’ firm fixing it in three (3) years.

Transfer Prices:

With regards to the provisions of Laws 788 of 2002 and 863 of 2003, the Group prepared a transfer price study on the operations carried out with foreign economic associates during 2019. The study did not result in adjustments that affect the income, costs, or tax deductions from the Group.

Although the transfer price studies from 2020 is being prepared, significant changes are not anticipated in relation to the previous year.

14. Cash and cash equivalents

The following table provides a detail of Cash and cash equivalents as reported at the end of the year in the Combined statement of financial position:

Thousands	**2020**	**2019**
Cash	54	22
Bank Accounts		
BBVA bank accounts	1,424	11,253
JP Morgan bank accounts	2,444	24,664
Share in joint arrangements (1)	258	2,451
Total Cash and cash equivalents	**4,180**	**38,390**

(1) Corresponds to the interest of the Group in the bank accounts of the joint arrangements.

The exposure of the Group to credit risk and the sensitivity analysis for financial assets and liabilities is disclosed in Note 15.

Non-cash transactions

The Group has acquired assets under finance leases (rights of use assets) for an amount of $ 3,980 (2019: $ 45,761) that have not involved the use of cash and cash equivalents. See note 20.

15. Financial Instruments

Financial risk management:

The Group manages the inherent risks to the funding of the typical activities related to its corporate purpose, as well as those derived from the collocation of the liquidity surpluses and treasury operations with the Parent Company. The Group does not use financial derivatives with speculative purposes.

Among the evaluated risks are the following:

Credit Risk

The credit risk is the financial loss risk that the Group could face if a client or counterparty, of a financial instrument, does not meet with its contractual obligations. The main accounts are cash, accounts receivables and investments.

Cash: These amounts are kept in banks and financial institutions, ranked as AAA according to Fitch Ratings Colombia and Feller Rate credit rating agencies.

Trade receivable and other receivables: The main customer of the Group for 2020 and 2019 was Ecopetrol (100% of total receivables), which is the National Colombian Oil Company. The payment terms established in the Trade Contract are normally and timely meet. Thus, the credit risk is low for the Group sales. The other accounts receivable that are generated correspond to sales of goods and services to our suppliers and contractors, which are deducted from the trade payable payments' the Group makes, reason why there is no credit risk in these transactions either.

Investment instruments: The investments activities of the Group are maintained in trust accounts managed by an authorized fiduciary entity in Colombia, the portfolio investments are maintained in titles issues by entities ranked with AAA. There is an investment committee formed by Trust entity representatives, the Group, and partners of the joint venture to whom the investment belongs, and the investments are made based on the approval received from the mentioned Committee. The Group does not expect any of its counterparties fails to fulfill its obligations.

The maximum exposure to credit risk for financial assets at the date of the balance was:

		Net Value	
	Note	**2020**	**2019**
Cash and cash equivalents	14	4,180	38,390
Trade accounts receivable	16	23,236	76,220
Loans to employees	16	306	395
Receivables - Joint arrangements	17	8,269	18,121
Other receivables	16	27,904	16,810
Non-current other assets receivables	16	498	761
Financial assets	21	46,751	45,798
Total		**111,144**	**196,495**

Liquidity Risk

The liquidity risk is the risk of the Group having difficulties to comply with the obligations associated with its financial liabilities that are settled through the delivery of cash or other financial assets. The approach of the Group to manage liquidity is to assure, to the greatest extent possible, that it will always be liquid enough to meet its obligations at expiration, both in normal and stressed conditions, without incurring in unacceptable losses or risking the reputation of the Group.

All the activities of the Group, for being a subsidiary of a foreign company, are directly financed by their Parent Company, and the Group does not require local financing for the development of its activities.

The following are the contractual maturities of the financial liabilities at the end of the reporting period:

	2020	**0 - 1 year**	**1 - 3 year**	**+3 years**	**2019**	**0 - 1 year**	**1 - 3 year**	**+3 years**
Trade payable liabilities	17,086	17,086	-	-	10,730	10,730	-	-
Joint arrangements payables	4,545	4,545	-	-	3,081	3,081	-	-
Lease liabilities	5,134	5,399	-	-	11,694	12,113	-	-
Other payables	-	-	-	-	858	858	-	-
Guarantee withholding	5,317	5,317	-	-	2,180	2,180	-	-
Goods and services received	33,470	33,470	-	-	94,520	94,520	-	-
Non-Current lease liability	7,577	-	7,228	520	14,000	-	14,007	523
Non-Current Guarantee provision (trade payables)	3,005	-	3,103	217	5,376	-	4,931	551
Total	**76,134**	**65,817**	**10,331**	**737**	**142,439**	**123,482**	**18,938**	**1,074**

Market risk:

The market risk is the risk arising from the changes in the market prices, e.g. exchange rates and oil prices, affecting the net profit of the Group. The goal of market risk management is to handle and control the exposure to this risk within reasonable parameters and optimizing profitability at the same time.

The Group sells 99% of its production in US dollars at a price which is determined based on the Brent oil price. Daily monitoring of the market has allowed determining an inverse correlation between the exchange rate and the oil price, being a natural coverage that has allowed controlling the risk and keeping it within reasonable parameters. The Group's Management permanently monitors such coverage with the purpose of making the control adjustments that are deemed necessary.

Currency risk:

The Group is exposed to currency risk in the sales and purchases denominated in a currency different from the Group's functional currency, mainly the Colombian peso (COP). With respect to the other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to assure that its net exposure is maintained at an acceptable level.

Interest rate risk

At the end of the reporting period, the interest rates of the Group's financial instruments is as follows:

Portfolio	Interest Rate Average		Balance	
	2020	2019	2020	2019
Trust Accounts				
Bogotá pension	8.18%	7.03%	20,658	21,677
Cravo Norte pension	8.09%	7.13%	6,068	7,137
Cravo Norte abandonment	7.43%	7.01%	13,640	11,234
LCI abandonment	7.49%	6.67%	6,385	5,750
Financial instruments to fair value with changes in results			**46,751**	**45,798**

At the end of the reporting period, the interest rate of the Group's financial liabilities is as follows:

Concept	Interest Rate Average		Balance	
	2020	2019	2020	2019
Lease liability	3.08%	2.60%	12,711	25,694
Amortized Cost Lease Liability			**12,711**	**25,694**

Cash flow sensitivity analysis for variable rate instruments

A change of five hundred (500) basis points in the interest rates at the reporting date would have increased (reduced) the result of the amounts showed in the table below. This analysis assumes that all the other variables, particularly the exchange type, remain constant. Such analysis is made with the same base as 2019.

If it had increased in 5%:

Portfolio	Average Interest Rate		Balance		Average Interest Rate		Balance		Interest Rate Variance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Trust Accounts										
Bogotá pension	8.18%	7.03%	20,658	21,677	13.18%	12.03%	21,613	22,689	955	1,012
Cravo Norte pension	8.09%	7.13%	6,068	7,137	13.09%	12.13%	6,349	7,470	281	333
Cravo Norte abandonment	7.43%	7.01%	13,640	11,234	12.43%	12.01%	14,275	11,758	635	524
LCI abandonment	7.49%	6.67%	6,385	5,750	12.49%	11.67%	6,682	6,020	297	270
Financial instruments at fair value through profit or loss			**46,751**	**45,798**			**48,919**	**47,937**	**2,168**	**2,139**

If it had decreased in 5%:

Portfolio	Average Interest Rate		Balance		Average Interest Rate		Balance		Interest Rate Variance	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Trust Accounts										
Bogotá pension	8.18%	7.03%	20,658	21,677	3.18%	2.03%	19,703	20,664	(955)	(1,013)
Cravo Norte pension	8.09%	7.13%	6,068	7,137	3.09%	2.13%	5,787	6,804	(281)	(333)
Cravo Norte abandonment	7.43%	7.01%	13,640	11,234	2.43%	2.01%	13,005	10,709	(635)	(525)
LCI abandonment	7.49%	6.67%	6,385	5,750	2.49%	1.67%	6,088	5,481	(297)	(269)
Financial instruments at fair value through profit or loss			**46,751**	**45,798**			**44,583**	**43,658**	**(2,168)**	**(2,140)**

The sensitivity analysis shows that income would increase with a five hundred (500) basis points increment in the interest rate in $2,168 for 2020 and $2,139 for 2019. On the other hand, it would be reduced with a five hundred (500) basis points reduction of the interest rate in $2,168 for 2020 and $2,140 for 2019.

Cash flow sensitivity analysis for variable rate financial liabilities

Lease liabilities are calculated using the incremental rate defined by Parent Company based on its debt.

In 2019 the 5-year average rate, which was the maximum term used in this kind of lease, was of 2.01%, which generates a variation of 0.56% with respect to the average rate of recognized leases during said year of 2.57%, which is why we will use such variation in the sensitivity analysis of financial liabilities for 2019. In 2020 the 5-year average rate, which was the maximum term used in this kind lease, was of 2.31%, which generates a variation of 0.09% with respect to the average rate of recognized leases during the year of 2.22%, which is why we will use such variation in the sensitivity analysis of financial liabilities for 2020.

In 2019, a 0.56% base variation of the interest types at the reporting date would have (reduced) increased the result of the amounts shown in the table below. This analysis assumes that all the other variables, particularly the exchange type, remain constant. In 2020, a 0.09% base variation of the interest types on the date of the balance would have (reduced) increased the result of the amounts shown in the table below. This analysis assumes that all the other variables, particularly the exchange type, remain constant.

If it had increased in 0.86% (2020) and 0.59% (2019):

	Interest Rate Average		Balance		Interest Rate Average		Balance		Interest Rate Variance	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Lease liability	3.08%	2.60%	12,711	25,694	3.94%	3.19%	12,817	25,842	106	148
Amortized Cost Lease Liability			**12,711**	**25,694**			**12,817**	**25,842**	**106**	**148**

If it had decreased in 0.86% (2020) and 0.59% (2019):

	Interest Rate Average		Balance		Interest Rate Average		Balance		Interest Rate Variance	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Lease liability	3.08%	2.60%	12,711	25,694	2.22%	2.01%	12,605	25,546	(106)	(148)
Amortized Cost Lease Liability			**12,711**	**25,694**			**12,605**	**25,546**	**(106)**	**(148)**

The sensitivity analysis shows that results would be higher with a 0.86% increase of the interest type in $106 for 2020 and in $148 for 2019 with an interest increment of 0.59%. On the other hand, it would decrease with a 0.86% interest type reduction in $106 for 2020 and $148 for 2019 with an interest decrease of 0.59%.

Classifications and fair value

The fair values of the financial assets and liabilities do not differ significantly from the book values shown in the Combined Statement of Financial Position, as detailed below:

As of December 31, 2020

Financial Instrument	Note	Financial instruments at fair value through profit or loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Book Value	Fair Value Level
Cash and cash equivalent	14	-	4,180	-	4,180	(1)
Trade receivable	16	-	59,715	-	59,715	(1)
Other receivables	16	-	498	-	498	(1)
Financial Assets	21	46,751	-	-	46,751	Level 2
Financial Assets		**46,751**	**64,393**	**-**	**111,144**	
Trade payables	22	-	-	60,418	60,418	(1)
Lease liabilities	24	-	-	5,134	5,134	(1)
Non-current accounts payables	22	-	-	3,005	3,005	(1)
Non-current lease liabilities	24	-	-	7,577	7,577	(1)
Financial Liabilities		**-**	**-**	**76,134**	**76,134**	

(1) It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As of December 31, 2019

Financial Instrument	Note	Financial instruments at fair value through profit or loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Book Value	Fair Value Level
Cash and cash equivalent	14	-	38,390	-	38,390	(1)
Trade receivable	16	-	111,546	-	111,546	(1)
Other receivables	16	-	761	-	761	(1)
Financial Assets	21	45,798	-	-	45,798	Level 2
Financial Assets		**45,798**	**150,697**	**-**	**196,495**	
Trade payables	22	-	-	111,369	111,369	(1)
Lease liabilities	24	-	-	11,694	11,694	(1)
Non-current accounts payables	22	-	-	5,376	5,376	(1)
Non-current lease liabilities	24	-	-	14,000	14,000	(1)
Financial Liabilities		**-**	**-**	**142,439**	**142,439**	

(1) It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The fair value of the financial assets and liabilities measured at amortized cost on December 31, 2020 and 2019, approximates the book value.

The fair value hierarchy of financial assets measured at fair value with income changes is revealed in Note 21.

16. Trade accounts receivable

The following table provides a detail of trade accounts receivable as reported at the end of the period in the Combined Financial Position Statement:

Thousands	2020	2019
Trade accounts receivable (1)	23,236	76,220
Loans to employees	306	395
Receivables – Joint arrangements (Note 17)	8,269	18,121
Other receivables (2)	27,904	16,810
Total trade accounts receivable	**56,715**	**111,546**

(1) The decrease in trade accounts receivable corresponds to the lower revenue obtained during 2020 compared to the previous year, as a result of the drop in oil prices and the Covid-19 pandemic. Trade receivables 2020 balance includes deliveries to Ecopetrol of Llanos Norte and LCI in the last month. 2019 balance includes the LCI sales made to Ecopetrol for the second biweekly of November and December production.

(2) Other receivables include:

Thousands	2020	2019
SierraCol Energy (the Parent) (1)	26,802	11,973
Ecopetrol	595	470
Cenit	350	273
Others	157	4,094
Total other receivables	**27,904**	**16,810**

(1) Amount associated with the dividend tax withholding. This amount must be paid to the Colombian tax authority (Dirección de Impuestos y Aduanas Nacionales – "DIAN") in January, the cash is received from the Parent Company to perform the payment, given they are the responsible party to pay this tax.

The following is the detail of the carrying amount of the Non-current other assets receivables:

Thousands	**2020**	**2019**
Employees loans non-current	498	761
Non-current other assets receivables	**498**	**761**

The Group gives loans for its employees for housing, free investment, and vehicles, of which it only charges interest on housing loans at a rate of 0.25% per annum. The balance of the loans is measured at the current value of the estimated future cash flows, applying the market interest rate as a discount rate, for which the Group takes the rate certified by the fund of employees or by other mutual funds for investment loans or housing, at the date of the loan completion, taking into account that employees have an easy access to loans granted by such funds, which constitutes a similar source and additional loans. The difference generated between the rates used for the calculation of the net present value and those actually charged are recorded as an employee benefit expenditure as unearned interests.

17. Joint operations receivable

The association, collaboration, and E&P contracts description in which the Group has interests were disclosed in Note 1.

Following table provides a detail of Joint Operations receivables at the end of the year in the Combined Statement of financial position:

Thousands	**2020**	**2019**
Receivable	**8,269**	**18,121**
Ecopetrol	8,167	18,030
Perenco	102	91
Payable	**4,545**	**3,081**
Ecopetrol	3,621	2,883
Amerisur	924	111
Perenco		87
Total joint operation receivable	**3,724**	**15,040**

On a monthly basis, the Branches send to the partners in the Joint arrangements the cash call requests. Within the first five days of the following month, the requested funds are received from the partners and at the end of each month the settlement of the accounts is informed to the partners.

18. Inventories

Following table provides a detail of Inventories at the end of the year in the Combined Statement of financial position:

Thousands	2020	2019
Oil Inventory (1)	9,816	20,350
Materials and supplies stock	27,423	23,278
Total inventories	**37,239**	**43,628**

(1) The variance in the balances of inventory of $10,534 in 2020 is presented as inventory variance in note 5. (2019 - $12,556).

19. Other current assets

Following table provides a detail of Other current assets at the end of the year in the Combined Statement of financial position:

Thousands	2020	2019
Insurances	162	520
Other prepaids	393	354
VAT and Industry and Commerce Tax (ICA) receivable	89	1,065
Total other current assets	**644**	**1,939**

20. Property, plant and equipment

Following table provides a detail of Property, Plant and Equipment at the end of the period in the Combined Financial Position Statement:

Thousands	2020	2019
Acquisition cost	4,298,136	4,217,502
Depletion, depreciation and amortization – DD&A	(2,869,170)	(2,669,187)
Impairment	(142,995)	(75,320)
Total property, plant, and equipment	**1,285,971**	**1,472,995**

The following is the detail of property, plant and equipment, net depreciation, and amortization:

	2020				2019			
Thousands	Cost	DD&A	Impairment	Total	Cost	DD&A	Impairment	Total
Lands	**4,870**	**-**	**-**	**4,870**	**4,870**	**-**	**-**	**4,870**
Buildings	44,614	(39,283)	-	5,331	44,498	(38,926)	-	5,572
Machinery	6,269	(5,165)	-	1,104	6,269	(5,156)	-	1,113
Spare parts and materials oil projects	26,930	-	(11,318)	15,612	33,593	-	(5,293)	28,300
Vehicles	7,381	(5,562)	-	1,819	7,372	(4,956)	-	2,416
Office equipment	23,126	(10,178)	-	12,948	23,192	(9,968)	-	13,224
Computers and communication equipment	36,776	(31,602)	-	5,174	35,867	(29,636)	-	6,231
Depreciable Assets	**145,096**	**(91,790)**	**(11,318)**	**41,988**	**150,791**	**(88,642)**	**(5,293)**	**56,856**
Tangible exploration assets – construction in progress	9,368	-	-	9,368	28,083	-	-	28,083
Oil Pipeline PP&E	15,503	(13,890)	-	1,613	15,503	(13,890)	-	1,613
Development Assets - construction in progress (1)	51,946	-	-	51,946	47,086	-	-	47,086
Development Assets – PP&E	3,720,845	(2,549,739)	(131,677)	1,039,429	3,670,271	(2,363,546)	(70,027)	1,236,698
Other PP&E	311,751	(187,311)	-	124,440	257,543	(187,203)	-	70,340
Rights of use	38,757	(26,440)	-	12,317	43,355	(15,906)	-	27,449
Amortizable Assets	**4,148,170**	**(2,777,380)**	**(131,677)**	**1,239,113**	**4,061,841**	**(2,580,545)**	**(70,027)**	**1,411,269**
Total of property, plant, and equipment	**4,298,136**	**(2,869,170)**	**(142,995)**	**1,285,971**	**4,217,502**	**(2,669,187)**	**(75,320)**	**1,472,995**

(1) The Group applies the successful efforts method in the recognition of the exploration and evaluation asset, which consists in capitalizing the value of the asset (well) as development and exploitation asset once it is finished if the well turns out successful, or it is taken to expenditures if it is not successful.

The movement of the property, plant and equipment cost is detailed below:

Thousands	Land	Buildings	Equipment	Spare parts and materials oil projects	Vehicles	Office equipment	Computers and communication equipment	Tangible exploration assets – construction in progress	Oil Pipeline PP&E	Development Assets - construction in progress	Development Assets – PP&E	Other PP&E (1)	Rights of use	**Total**
January 1st, 2019 balance	**4,870**	**43,045**	**6,269**	**24,546**	**6,259**	**21,848**	**33,907**	**10,092**	**15,504**	**88,123**	**3,449,501**	**238,355**	**36,665**	**3,978,984**
Additions	-	-	-	9,047	-	-	-	23,504	-	175,163	-	24,114	-	231,828
Transfers	-	1,453	-	-	1,113	1,344	1,960	(5,513)	(1)	(216,200)	220,770	(4,926)	-	-
Right of use additions	-	-	-	-	-	-	-	-	-	-	-	-	9,096	9,096
Write-off and losses	-	-	-	-	-	-	-	-	-	-	-	-	(2,406)	(2,406)
December 31st, 2019 balance	**4,870**	**44,498**	**6,269**	**33,593**	**7,372**	**23,192**	**35,867**	**28,083**	**15,503**	**47,086**	**3,670,271**	**257,543**	**43,355**	**4,217,502**
Additions	-	-	-	-	-	-	-	-	-	31,019	-	54,213	-	85,232
Transfers	-	116	-	(6,663)	9	(66)	909	(18,715)	-	(26,159)	50,574	(5)	-	-
Right of use additions	-	-	-	-	-	-	-	-	-	-	-	-	3,980	3,980
Right of use cancellations (2)	-	-	-	-	-	-	-	-	-	-	-	-	(8,578)	(8,578)
December 31st, 2020 balance	**4,870**	**44,614**	**6,269**	**26,930**	**7,381**	**23,126**	**36,776**	**9,368**	**15,503**	**51,946**	**3,720,845**	**311,751**	**38,757**	**4,298,136**

(1) Within this category, the Branches recognize the Asset Retirement Obligation (ARO), the addition for 2020 was $34,912 and for 2019 $29,466. See note 27.

(2) Corresponds to the cancellation of the contracts of electric-submersible pumps with Baker Hughes de Colombia, Alkhorayef Petroleum Colombia, and Schlumberger Surenco S.A. during the year in response to the COVID-19 pandemic and decrease of crude´s price.

Following table includes the details of the right of use:

Thousands	Buildings	Equipment	Vehicles	Total
January 1st, 2019 balance	**148**	**33,842**	**2,675**	**36,665**
Additions	3,913	5,156	27	9,096
Cancelations	-	(2,406)	-	(2,406)
December 31st, 2019 balance	**4,061**	**36,592**	**2,702**	**43,355**
Additions	-	3,970	10	3,980
Cancelations	-	(8,579)	1	(8,578)
December 31st, 2020 balance	**4,061**	**31,983**	**2,713**	**38,757**

The movement of the accumulated depreciation and amortization is detailed below:

Thousands	Buildings	Equipment	Vehicles	Office equipment	Computers and communication equipment	Oil Pipeline PP&E	Development Assets – PP&E	Other PP&E	Rights of use	**Total**
January 1st, 2019 balance	**(35,629)**	**(4,238)**	**(3,505)**	**(7,225)**	**(23,499)**	**(13,112)**	**(2,205,248)**	**(164,378)**	**-**	**(2,456,834)**
Depreciation	(3,297)	(918)	(1,451)	(2,743)	(6,137)	(778)	-	(22,825)	-	(38,149)
Amortization	-	-	-	-	-	-	(158,298)	-	-	(158,298)
Amortization of Right of use	-	-	-	-	-	-	-	-	(15,906)	(15,906)
December 31st, 2019 balance	**(38,926)**	**(5,156)**	**(4,956)**	**(9,968)**	**(29,636)**	**(13,890)**	**(2,363,546)**	**(187,203)**	**(15,906)**	**(2,669,187)**
Depreciation	(357)	(9)	(606)	(210)	(1,966)	-	-	(108)	-	(3,256)
Amortization	-	-	-	-	-	-	(186,193)	-	-	(186,193)
Amortization of Right of use	-	-	-	-	-	-	-	-	(10,534)	(10,534)
December 31st, 2020 balance	**(39,283)**	**(5,165)**	**(5,562)**	**(10,178)**	**(31,602)**	**(13,890)**	**(2,549,739)**	**(187,311)**	**(26,440)**	**(2,869,170)**

Following table includes the details of the right of use:

Thousands	Buildings	Equipment	Vehicles	Total
January 1st, 2019 balance	**-**	**-**	**-**	**-**
Amortization	(814)	(13,176)	(1,916)	(15,906)
December 31st, 2019 balance	**(814)**	**(13,176)**	**(1,916)**	**(15,906)**
Amortization	(849)	(8,889)	(796)	(10,534)
December 31st, 2020 balance	**(1,663)**	**(22,065)**	**(2,712)**	**(26,440)**

Below is the gross value of the totally depreciated assets currently in use:

Thousands	**2020**	**2019**
Computers and communication equipment	26,714	25,212
Office equipment	19,947	19,947
Buildings	1,809	1,809
Equipment	4,224	4,224
Vehicles	4,907	4,747
TOTAL	**57,601**	**55,938**

Impairment:

The Group assesses on each report date if there is an indicator that an asset or cash generating unit (CGU) may have external or internal signs of impairment. The recoverable value is always calculated provided that the Group presents impairment signs; and the impairment loss is recognized when the book value exceeds the recoverable value.

The CGUs have been identified as the main areas within which there are groups of producing blocks that share similar characteristics, infrastructure, and cash inflows, which are largely independent from the cash inflows of other groups of assets. The Group has identified the following CGUs:

1. Cravo Norte
2. Rondón
3. Chipirón
4. Cosecha
5. La Cira Infantas
6. Teca-Cocorná

The impairment movement is described below:

Thousands	**Materials**	**PP&E**	**Total**
January 1st, 2019 balance	**(3,192)**	**(70,027)**	**(73,219)**
Impairment	(2,101)	-	**(2,101)**
December 31st, 2019 balance	**(5,293)**	**(70,027)**	**(75,320)**
Impairment	(6,025)	(61,650)	**(67,675)**
December 31st, 2020 balance	**(11,318)**	**(131,677)**	**(142,995)**

During 2020, an impairment analysis was carried out through the evaluation of internal and external sources of information, where it was identified that the negative change in the estimate of the balance of oil reserves was the factor affecting the recoverable value of the Teca-Cocorná´s CGU.

Impairment loss in relation of Teca-Cocorná´s CGU

For 2020 the recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount of $0 and an impairment loss of $61,650 during 2020 (2019: nil) was recognized. The impairment loss was fully allocated to property, plant and equipment and included in “cost of sales”.

UGE	Recoverable Value 2020	Net book value 2020	Impairment 2020
Teca-Cocorná	-	61,650	(61,650)
TOTAL	**-**	**61,650**	**(61,650)**

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the industry and have been based on historical data from both external and internal sources.

	2020
Discount rate	11%
Useful remaining life of CGU1	19
Brent oil reference price (average 2021-2035) (USD/barrels)2	$62.09
Key inputs from reserves study3	

1 For the volume projection, the Branches only considered the proven reserves curve (P1).
2 Prices were projected based on estimates for the BRENT reference price and were adjusted for an historic quality differential.
3 The reserves study carried out by internal experts, which includes the proven reserves, projection of production volume, costs, CAPEX and other variables.

The discount rate was a pre-tax measure estimated based on the average weighted-average cost of capital of 11%. The cash flow projections included specific estimates for 19 years. Budgeted EBITDA was estimated considering past experience.

Change required for carrying amount to equal recoverable amount is the restauration of the condition of "proven" reserves from "contingent" reserves.

For 2019 the qualitative analysis of CGU Teca-Cocorná no change was identified in the legal, economic or market environment that would affect the asset. Consequently, it was not required to estimate the recoverable amount of the other CGUs.

Impairment test in relation with other CGUs

In 2020 for the qualitative analysis of the CGUs (excluding Teca-Cocorná), the Branches evaluated factors such as the price of crude oil, where it was observed a recovery of it at the end of 2020 (maintained during 2021) which was reflected in price projections analyzed. Likewise, no change was identified in the legal, economic or market environment that would affect the assets. Consequently, it was not required to estimate the recoverable amount of the other CGUs. For 2019 in accordance with the results of the qualitative analysis for all CGUs, Management concluded no impairment was required.

21. Financial assets

Following table provides a detail of Non-current financial assets at the end of the year in the Combined Statement of financial position:

Portfolio	Average Interest Rate		Balance	
	2020	2019	2020	2019
Trust Accounts				
Bogotá pension	8.18%	7.03%	20,658	21,677
Cravo Norte pension	8.09%	7.13%	6,068	7,137
Cravo Norte abandonment	7.43%	7.01%	13,640	11,234
LCI abandonment	7.49%	6.67%	6,385	5,750
Financial instruments at fair value through profit or loss			**46,751**	**45,798**

These assets correspond to the participation of the Group in the funds kept for the joint operations of Cravo Norte, Bogota Office and LCI, with non-specific destination for the payment of liabilities for Pensions and Abandonment, which are managed by Fiduprevisora S.A. and they are represented in investment of bonds of the manufacturing sector, bonds of entities supervised by the Superintendency of Financial Entities in Colombia, Term Deposit Certificates, TES, other in debt securities and savings accounts. Their valuation is done at market value (level 2) which is informed by the Trust (Fiduprevisora) taking into account the hierarchy of the fair value that gives higher priority to the prices quoted in asset markets and lower priority to the non-observable data entry.

22. Trade accounts payable

Following table provides a detail of Trade accounts payable and other payables at the end of the year in the Combined Statement of financial position:

Thousands	2020	2019
Suppliers (1)	17,086	10,730
Joint operations payable (note 17)	4,545	3,081
Other	-	858
Guarantee withholding (2)	5,317	2,180
Goods and services received (3)	33,470	94,520
Total Trade accounts payable	**60,418**	**111.369**

(1) Due to the implementation of the new accounting system on 2019, the deadline for the reception of invoices from suppliers in 2019 was anticipated for an earlier date. As a result, most of the liability related to services was estimated and classified as "goods and services received" (see in (3)). For 2020, the deadline for reception of invoices from suppliers was established near to the end on the month allowing most of the services to be invoiced by our suppliers.

(2) Some contracts with vendors allow the Branches to withhold a portion of the total amount to guarantee full compliance with the performance obligations by the vendors. The Branches classify as current portion of this liability, the amount to be paid to the vendors during the twelve months period following the reporting date, in those cases in which the vendors have complied with the provisions of the contracts. These withholdings are subjected to payment once the contract with the vendor is terminated.

(3) Less activities were executed in 2020 as a result of the measures taken by the management in order to face the effects of the pandemic and the reduction of the oil price with the purpose of preserving liquidity of the Group; as well as a lower amount of services to be invoiced.

The following is the detail of the book value of the trade payable and other non-current accounts payable:

Thousands	**2020**	**2019**
Guarantee withholding non-current	3,005	5,376
Total Guarantee withholding non-current	**3,005**	**5,376**

The guarantee withholdings are measured at amortized cost and correspond to contractual values deducted from payments to contractors, which will be reimbursed once the contract is satisfactorily completed, prior compliance with the clauses for their reimbursement.

23. Income tax receivable and payable

Income tax payable and receivable at the end of the year in the Combined Statement of financial position is as follows:

Thousands	**2020**	**2019**
Current tax receivable	10,213	-
Current tax assets	**10,213**	**-**
Current tax liabilities	19,163	6,861
Current tax liabilities	**19,163**	**6,861**

For 2020 the asset balance to be recovered corresponds to the income taxes for Andina, and liability balance to be paid corresponds to income taxes to be paid by Arauca. For 2019 the liability balance to be paid corresponds to income taxes for Andina and Arauca.

24. Lease liabilities

Following table provides a detail of Lease liabilities at the end of the year in the Combined Statement of financial position:

	2020	**2019**
Current lease liabilities	5,134	11,694
Non-current lease liabilities	7,577	14,000
Lease Liabilities	**12,711**	**25,694**

For further information regarding the exposure of the Group to interest rates, foreign currencies, and liquidity risk, see Note 15.

The following is the additional information about the Group's lease liabilities:

Age	**Future minimum lease payments**		**Interest**		**Present value of future minimum lease payments**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
0-1 years	5,399	12,113	265	419	5,134	11,694
1-5 years	7,748	14,530	171	530	7,577	14,000
Total	**13,147**	**26,643**	**436**	**949**	**12,711**	**25,694**

Reconciliation between the changes in liabilities and cash flows that arise from financing activities:

Lease obligations	2020	2019
Initial balance	25,694	11,397
Changes for financing cash flows		
Lease liabilities payment	(10,825)	(27,672)
Other changes		
Related to liabilities		
New leases	3,981	44,390
Terminated leases	(6,139)	(2,421)
Interest expenditure	529	951
Paid interests	(529)	(951)
Final balance	**12,711**	**25,694**

The main agreements that the Group has at the end of 2020 year correspond to the lease of a cement unit and services for the pumping of fluids which are signed with Schlumberger Surenco S.A. and Weatherford Colombia Ltd., respectively. The electric-submersible pumps agreements that were signed with Baker Hughes de Colombia, Alkhorayef Petroleum Colombia, and Schlumberger Surenco S.A., were terminated during 2020. There was not any impact on any leases as a result of the cancellation.

25. Employee benefits

The balance for employee benefits comprises:

Thousands	2020	2019
Salaries payable	2,824	1,795
Contribution payable	794	-
Employees funds contribution payables	16	21
Other payroll liabilities	237	373
Severances	365	333
Severances interest	40	40
Accrued vacations	2,053	1,973
Extra-legal benefits	211	208
Pensions	7,962	11,378
Bonus	3,480	4,430
Total employee benefits	**17,982**	**20,551**

The balance for non-current employee benefits comprises:

Thousands	**2020**	**2019**
Pensions (1)	20,514	22,800
Severance	214	296
Total non-current employee benefits	**20,728**	**23,096**

(1) The Group makes the contributions in accordance with its share in each one of the associations the defined benefits plan for the 58 employees who have obtained a pension. The plan includes the payment of between thirteen (13) and fourteen (14) pension allowances per year. In addition, those pensioned receive pre-paid medicine benefits, educational aid, and contributions to the fund of employees "Fedeoxy".

The aid of the mandatory health care plan is also covered for some of the pensioned.

The following is the movement of the pension liability:

Thousands	**2020**	**2019**
Beginning balance	34,178	34,828
Interest cost	596	1,664
Payments	(2,924)	(4,868)
Actuarial losses	(2,166)	2,916
Revaluation	(1,208)	(362)
Ending balances	**28,476**	**34,178**

The following is the (gain) loss attributable to the defined benefit plans adjustment recognized in the equity, corresponding to a gain (loss) included in other comprehensive income:

Thousands	**2020**	**2019**
(Gain) loss attributable to the defined benefit plans	(2,166)	2,916
Ending balance	**(2,166)**	**2,916**

The following is the summary of the main economic assumptions used in the Actuarial Study for Pensions:

Case	**2020**	**2019**
Discount rate	6.75%	6.25%
Expected Return Rate	Not applicable	Not applicable
Salary Increase	3.00% year	3.50% year
Social Security Increase	3.00%	3.50%
Cost of Living Increase	3.00%	3.50%
Expenses	None	None

The following is the summary of the main demographic hypothesis used in the Actuarial Study for Pensions:

Case	**Actuarial Calculation 2020 and 2019**
Mortality	Colombian Mortality Table RV2008
Disability	None
Rotation	Rotation Table SOA 2003 It was assumed there are no contract terminations without just cause.
Retirement Age	62 for men and 57 for women

26. Other current liabilities

Following table provides a detail of Other current liabilities at the end of the year in the Combined Statement of financial position:

Thousands	**2020**	**2019**
Income tax withholdings	29,968	20,811
IVA tax withholdings	767	3,572
ICA tax withholdings	376	440
Value added tax	15,745	13,619
Carbon tax	212	263
Total Other non-financial liabilities	**47,068**	**38,705**

27. Provision

The Group provision balance includes the Cravo Norte and LCI abandonment liability and legal proceedings resulting from the execution of the joint operation, as summarizes below:

	Abandonment Liability (1)	**Other provision** (2)	**Non-current liabilities**
January 1st, 2019 balance	**61,051**	**1,244**	**62,295**
Additions	29,466	1,576	31,042
Accretion	2,503	-	2,503
Used	(1,860)	-	(1,860)
December 31st, 2019 balance	**91,160**	**2,820**	**93,980**
Additions	34,912	127	35,039
Accretion	4,254	-	4,254
Used	(1,443)	(626)	(2,069)
Reversed	-	(1,762)	(1,762)
December 31st, 2020 balance	**128,883**	**559**	**129,442**

(1) The asset retirement obligation represents the current value of abandonment costs related to oil and gas properties, facilities and wells. The abandonment costs are estimated based on the net share of the Group over the ownership of wells, facilities, and the estimated costs to restore and abandon the wells and facilities in future years.

The future abandonment costs are discounted using a risk-free rate of 5.39% for 2020 and 5.05% for 2019 for cash flows that are expected to be settled to get to the present value. Assumptions have been made based on the current economic environment, which the management believes are a reasonable base over which future liabilities can be estimated. These estimates are regularly revised to consider any important change of the assumptions. However, the real costs of abandonment will finally depend on the future market prices for the necessary abandonment expenses which will reflect market conditions to the relevant dates. Also, the probable abandonment dates are highly dependent on when the fields stop producing at economically viable rates. This at the same time, will depend on the future oil and gas prices, that are inherently uncertain.

(2) The charge for other legal provisions is made up of labor lawsuits that under IFRS as adopted in Colombia have been estimated by management as probable risk of loss, considering the advice of the lawyers who handle lawsuits. There is a significant reduction compared to 2019 due to the fact that during the year the reversal of the provision of some of the claims was made as a result of the transaction between OPC and Carlyle Group in which OPC assumed some claims.

Contingencies

Thousands						
		2020			**2019**	
Nature of the Procedures	**Number**	**Claims Amount**		**Number**	**Claims Amount**	
Civil	4	$	473	6	$	595
Administrative	9		3,325	10		3,886
Administrative (*)	1		(*)	-		-
Constitutional	11		(*)	38		(*)
Direct Labor	-		-	24		2,441
Total	**25**	**$**	**3,798**	**78**	**$**	**6,922**

(*) Amount Undetermined

The contingent liability is made up of legal disputes of different nature (civil, administrative, constitutional, and labor) that have been estimated by management considering the advice of the lawyers that take each case, as of possible result. Detailed description is omitted of each of the litigations that compose the contingent liability since their disclosed could affect the position of the Group in the judicial controversies with third parties. Without prejudice of the performed valuation, the Group considers that even in the case of losing the disputes, they would not significantly affect the financial results of the Group.

In terms of the value of the contingent liabilities, they have been identified based on the pretensions of the dispute, the above without prejudice of the final result of the process; and in relation to the resource outflow calendar, the disputes that constitute a contingent liability are in different stages, which is why it is not possible to anticipate the dates for eventual expenditure of resources.

The value of the contingent liabilities disclosed before corresponding to the share percentage of the Group, reason why in the event of an unfavorable decision, there will be no space for reimbursements.

28. Deferred Income Tax

Deferred income tax for the years ended December 31 is as follows:

	2020	2019
Deferred tax income	180,777	208,732
Total Deferred tax income	**180,777**	**208,732**

The differences between the book value of the assets and liabilities and their tax basis result in the following temporary differences that generate deferred taxes, calculated and recorded in the periods ending on December 31 2020 and 2019, based on the current tax rates which are taken as benchmark for the years in which such temporary differences will be reverted. The movement of the deferred tax is the following:

	2019					2020			
Thousands	1/1/2019 balance	Recognized in income	FX	Comprehensive Income	12/31/2019 balance	Recognized in income	FX	Comprehensive Income	12/31/2020 balance
PP&E	246,856	(16,705)	3,206	-	233,357	(1,954)	166	-	231,569
Financial assets	406	9,298	(2,052)	-	7,652	(3,433)	(1,742)	-	2,477
Inventories	(1,655)	3,851	(947)	-	1,249	(6,011)	(2,784)	-	(7,546)
Abandonment Liability	(25,065)	19,579	(2,675)	-	(8,161)	(1,461)	(617)	-	(10,239)
Employee benefits	775	(1,132)	124	-	(233)	(1,273)	(387)	-	(1,893)
Provisions	(30,051)	3,690	643	(1,002)	(26,720)	(6,390)	(4,851)	682	(37,279)
Others	3,377	(2,723)	99	-	753	2,133	469	-	3,355
Exchange rate	-	513	(5)	-	508	(114)	(28)	-	366
Lease liability	-	330	(3)	-	327	(290)	(70)	-	(33)
Total Deferred tax income	**194,643**	**16,701**	**(1,610)**	**(1,002)**	**208,732**	**(18,793)**	**(9,844)**	**682**	**180,777**

The calculation of the deferred tax is being performed on the existing temporary differences with tax basis, taking into account the rates that will be valid on the estimated date in which they will be settled as follows: 32% rate for 2020, 31% for 2021, 30% for 2022 onwards and 10% for real state. Deferred tax assets and liabilities are offset considering the Group has the right to compensate said values since this is an obligation with Colombian Tax Authority , who allows paying or receiving one sole amount, when settling the situation that generates the temporary difference.

29. Net Parent Investment

The movement of Net Parent investment is as follows:

Thousands	**2020**	**2019**
Initial Balance	**1,180,693**	**1,099,932**
Debit:		
Oil Crude exports	(134,972)	(222,762)
Oil Crude local sales	(520,301)	(621,588)
	(655,273)	**(844,350)**
Credit:		
Funds received from Parent Company	390,935	690,972
Merchandises and services import	333	67,011
	391,268	**757,987**
Net parent investment decrease	(264,005)	(86,363)
Net profit	35,745	169,038
Other comprehensive income, net	1,484	(1,914)
Ending Balance	**953,917**	**1,180,693**

30. Related Parties

As of December 31st, 2020, and 2019, the balances of the Group with the related parties are disclosed as part of the Net Parent Investment.

Until December 2020, there were transactions with parties related to Occidental Petroleum Corporation, considering it was the Parent Company until December 18, 2020. Due to the Transaction with the Carlyle Group, the related parties changed, and since no transactions were generated with them.

Transactions with parties related to Occidental Petroleum Corporations are as follows:

	Concept	Transaction values for the year ended 31 December (*) 2020	2019
Sale of goods and services			
SierraCol Energy Crude Sales, LLC	Oil crude exports	39,605	61,909
Occidental Crude Sales Inc (International)	Oil crude exports	24,007	156,982
Purchase of goods and services			
From: Occidental Energy Marketing, Inc.	Crude oil marketing commission	144	217
From: Occidental Petroleum Company	Administrative surcharge	2,367	16,231
From: Occidental Petroleum Company	Expense reimbursements	4,234	20,209
Others			
To Occidental Petroleum Company	Personal expenses	(446)	(741)

(*) The Group members transactions with their parent companies and related companies, are settled through the Additional Investment to Assigned Capital account reported as part of the Net parent investment.

Transactions with key management personnel

i) Key management personnel compensation is:

	2020	2019
Salaries and other benefits	9,785	10,461
Total	9,785	10,461

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

ii) Key management personnel transactions

The aggregate value of transactions and outstanding balances related to key management personnel as follows:

Transaction	Transaction values for the year ended 31 December		Balance outstanding as at 31 December	
	2020	2019	2020	2019
Vehicles loans	6	6	46	52

There are not entities over which key management personnel have control or significant influence.

31. Subsequent Events

As of the approval date of the Group's Combined Financial Statements, the management is not aware of any subsequent event that affect their figures and disclosures.

32. Impacts of COVID-19

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation and that the going concern basis of accounting remains appropriate.

The COVID-19 pandemic and the resulting economic slowdown disrupted global supply and demand for crude oil during 2020. Governments around the world including Colombia enacted emergency measures to combat the spread of the virus, including the implementation of bans, travel, and self-imposed quarantines, which decreased demand and increased oil supply. These supply and demand imbalances led the price of Brent from an average of $/Bbl 64.16 in 2019 to $/Bbl 43.21 in 2020.

The combination of both, demanded an immediate response from the Group's management to protect the cash flow and the continuity of the business, including preserving liquidity and revaluating development projects under low-price environment. Management response included, the reduction in the outlooked capital investment, shutting in non-economic production, rescheduling of non-essential works and optimizations in the operating and administrative costs.

33. Financial Statement Approval

The Group's Combined Financial Statement and its accompanying notes were approved by the Legal Representative on June 1, 2021.

34. Ultimate and Controlling Parent of the Group

SierraCol Energy Limited (SCE Ltd), which is a company indirectly controlled by The Carlyle Group, is the controlling entity of the Group.

KPMG

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF COMBINED INTERIM FINANCIAL STATEMENTS

To the board of Directors of SierraCol Energy Andina LLC – Sucursal Colombia, SierraCol Energy Arauca LLC – Sucursal Colombia and SierraCol Energy Condor LLC – Sucursal Colombia:

Introduction

We have reviewed the accompanying combined interim statement of financial position of SierraCol Energy Andina LLC – Sucursal Colombia, SierraCol Energy Arauca LLC – Sucursal Colombia and SierraCol Energy Condor LLC – Sucursal Colombia ("the Group") as at March 31, 2021, the combined interim statements of profit or loss and other comprehensive income, changes in net parent investment and cash flows for the three-month period then ended, and notes, comprising significant accounting policies and other explanatory information ("the combined interim financial statements"). Management is responsible for the preparation and fair presentation of these combined interim financial statements in accordance with International Financial Reporting Standards as adopted in Colombia including the requirements of IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these combined interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of combined interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying combined interim financial statements do not present fairly, in all material respects, the financial position of the Group as at March 31, 2021, and its financial performance and its cash flows for the three-month period then ended in accordance with International Financial Reporting Standards as adopted in Colombia including the requirements of IAS 34, 'Interim Financial Reporting'.

KPMG S.A.S.
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Other Matter

We draw attention to the fact that we have not reviewed the accompanying combined interim statements of profit or loss and other comprehensive income of the Group, changes in net parent investment and cash flows for the three-month period ended on March 31, 2020, or any of the related notes and accordingly, we do not express a conclusion on them.

KPMG S.A.S.

KPMG S.A.S.
June 5, 2021
Bogotá, Colombia

SierraCol Energy Colombia Business Group
Combined interim statements of financial position
(Thousands of U.S. Dollars)

	Note	March 31, 2021	December 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	12	6,314	4,180
Trade accounts receivable	14	66,055	59,715
Recoverable taxes	21	6,987	10,213
Inventories	16	34,155	37,239
Other current assets	17	7,413	644
Total Current Assets		**120,924**	**111,991**
Non-Current Assets			
Other assets receivables		382	498
Property, plant, and equipment	18	1,260,077	1,285,971
Financial assets	19	42,628	46,751
Total Non-Current Assets		**1,303,087**	1,333,220
Total Assets		**1,424,011**	**1,445,211**
LIABILITIES			
Current Liabilities			
Trade account payables	20	74,171	60,418
Income tax payable	21	30,609	19,163
Lease liabilities	22	4,943	5,134
Employee benefits	23	16,029	17,982
Other current liabilities	24	16,396	47,068
Total Current Liabilities		**142,148**	**149,765**
Non-Current Liabilities			
Trade account payables	20	2,753	3,005
Employee benefits	23	19,049	20,728
Provision	25	132,063	129,442
Lease liabilities	22	6,428	7,577
Deferred income tax	26	189,278	180,777
Total Non-Current Liabilities		**349,571**	**341,529**
Total Liabilities		**491,719**	**491,294**
Net Parent Investment		**932,292**	**953,917**
Total Liability and Net Parent Investment		**1,424,011**	**1,445,211**

The accompanying notes are an integral part of the combined interim financial statements.

SierraCol Energy Colombia Business Group
Combined interim statements of profit or loss and other comprehensive income
(Thousands of U.S. Dollars)

	Note	Three months period ended on March 31, 2021	2020
Operating activities			
Revenue	4	168,793	164,355
Cost of sales	5	(92,250)	(101,629)
Gross profit		**76,543**	**62,726**
Other income	6	491	1,376
Administrative expenses	7	(9,494)	(10,200)
Other expenses		(167)	(687)
Operating income		**67,373**	**53,215**
Financial income	8	41	1,061
Financial expenses	9	(623)	(865)
Foreign exchange income	10	8,493	26,941
Net profit before tax		**75,284**	**80,352**
Income tax expense	11	(49,433)	(35,167)
Net profit		**25,851**	**45,185**
Comprehensive income		**25,851**	**45,185**

The accompanying notes are an integral part of the combined interim financial statements.

SierraCol Energy Colombia Business Group
Combined interim statement of changes in Net Parent Investment
(Thousands of U.S. Dollars)

	Net Parent Investment
Balances as at 1 January 2020	**1,180,693**
Net Parent Investment decrease (Note 27)	(108,480)
Net profit	45,185
Balances as at 31 March 2020	**1,117,398**
Balances as at 1 January 2021	**953,917**
Net Parent Investment decrease (Note 27)	(47,476)
Net profit	25,851
Balances as at 31 March 2021	**932,292**

The accompanying notes are an integral part of the combined interim financial statements.

SierraCol Energy Colombia Business Group
Combined interim statement of cash flows
(Thousands of U.S. Dollars)

	Three Month Period Ended on March 31, 2021	2020
Operating activities		
Net profit	25,851	45,185
Adjustments for:		
Depreciation, depletion and amortization	42,420	54,565
Inventory variance	89	9,876
Abandonment cost	1,408	1,009
Current income tax expense	26,463	26,438
Deferred income tax	22,970	8,729
Increase (decrease) of other provision, net	(46)	-
Retirement pensions interest cost	374	446
Impairment of inventory	155	95
Unrealized exchange rate difference	(6,744)	(26,070)
Loss on anticipated cancelation and interest of lease contracts	84	2,055
	113,024	**122,328**
Changes in assets and liabilities:		
Trade account receivables and other receivables	(15,302)	57,734
Financial assets	4,123	(65)
Other current assets	(6,769)	2,268
Inventories	2,840	1,025
Trade account payables	13,501	70
Employee benefits	(4,437)	(7,954)
Provision	1,259	1,920
Other current liabilities	(30,672)	(23,784)
	(35,457)	**31,214**
Income tax payments	(10,007)	(29,787)
Cash generated from operating activities:	**67,560**	**123,755**
Investing activities		
Additions to property, plant and equipment	(16,526)	(30,759)
Net cash used in investing activities:	**(16,526)**	**(30,759)**
Financing activities		
Net parent investment decrease	(47,476)	(108,480)
Lease payments	(1,340)	(3,299)
Interest on lease payments	(84)	(161)
Net cash used in financing activities:	**(48,900)**	**(111,940)**
Net cash increase (decrease) in cash and cash equivalents	2,134	(18,944)
Cash and cash equivalents at the beginning of year	4,180	38,390
Cash and cash equivalents at the end of the period	**6,314**	**19,446**
Cash and cash equivalents components are:		
Cash and cash equivalents	6,314	19,446
	6,314	**19,446**

The accompanying notes are an integral part of the combined interim financial statements.

1. Reporting Entity.

SierraCol Energy Colombia is a Business Group (the "Group" or the "Branches") conformed by SierraCol Energy Arauca, LLC (Colombian branch, "Arauca"), SierraCol Energy Andina, LLC (Colombian branch, "Andina") and SierraCol Energy Condor, LLC (Colombian branch, "Condor"), which are branches of limited liability companies incorporated under the same name in accordance with the laws of the State of Delaware in the United States of America. The registered address for the branches is Calle 77A No. 11-32 in Bogotá, Colombia.

On October 1st, 2020 it was announced the agreement entered into by Occidental Petroleum Corporation ("OPC") and The Carlyle Group (Carlyle) associated to the sale of OPC onshore assets in Colombia to Carlyle for total consideration of $825 million, with $700 million up front and the remainder payable subject to certain production and commodity price targets.

SierraCol Energy Limited ("SCE Ltd" – the Parent), indirectly controlled by The Carlyle Group ("Carlyle"), is a private limited company incorporated in England, with registered offices located at 1st James's Market, London, Greater London, United Kingdom SW1Y 4AH. On December 18th, 2020, a transaction between Occidental Petroleum Corporation ("OPC") and Carlyle was effected (the "Transaction"), whereby SCE Ltd, among other things, acquired the entire share capital of SierraCol Energy Holder Ltd (formerly Oxycol Holder Ltd, hereinafter "Holder") and SierraCol Energy Andina, LLC (formerly Occidental Andina, LLC, hereinafter "Andina"), registered in Bermuda and Delaware, respectively, from Oxy Colombia Holdings, Inc. and Occidental International Holdings, Ltd, respectively, both subsidiaries of OPC, and thus acquired the interest of Holder and Andina, and their subsidiaries (and their respective branches in Colombia, SierraCol Energy Arauca, LLC, SierraCol Energy Andina, LLC and SierraCol Energy Condor, LLC). Prior to the Transaction, both Holder and Andina and their subsidiaries and their branches in Colombia (SierraCol Energy Arauca, LLC, SierraCol Energy Andina, LLC and SierraCol Energy Condor, LLC), were controlled by OPC.

The purpose of the Group is to carry out exploration, exploitation, refining, sale and transport of oil, gas, hydrocarbons, and minerals in general.

Arauca is the Operator partner for Cravo Norte, Rondón, Chipirón and Cosecha Association Contracts signed with Empresa Colombiana de Petroleos ("Ecopetrol"). The mentioned contracts are located in the Arauca Basin and all are in exploitation stage.

Andina is the Executor partner for La Cira Infantas ("LCI") and Teca-Cocorná Collaboration Agreements signed with Ecopetrol, both contracts are located in the Middle Magdalena Basin and are in exploitation phase. In addition, Andina is a non-operator partner in the Cravo Norte, Rondón and Chipirón contracts which are operated by Arauca. Recently, Andina entered into Exploration & Production ("E&P") contracts with Amerisur located in the Putumayo area (Mecaya, Tacacho, Terecay, Put - 9 and Put -8) as non-operator partner. Putumayo contracts are under exploration phase.

Condor is the Operator partner in the Llanos 52 and Llanos 39 E&P contracts signed with Ecopetrol, currently the contracts are in exploration phase.

As of March 31, 2021, and December 31, 2020, the interest of the Group in joint operations is as follows:

Contract	Group´s Interest		Operator	Partners	Stage
	Investments	Production and Expenditures			
Cravo Norte	50%	45%	Arauca	Arauca, Andina, Ecopetrol	Exploitation
Rondón	50%	50%	Arauca	Arauca, Andina, Ecopetrol	Exploitation
Chipirón	70%	70%	Arauca	Arauca, Andina, Ecopetrol	Exploitation
Cosecha	70%	70%	Arauca	Arauca, Ecopetrol	Exploitation
La Cira Infantas	52%	48%	Ecopetrol	Andina, Ecopetrol	Exploitation
Teca - Cocorná	60%	40%	Ecopetrol	Andina, Ecopetrol	Exploitation
Mecaya	50%	50%	Amerisur	Andina, Amerisur	Exploration
Tacacho	50%	50%	Amerisur	Andina, Amerisur	Exploration
Terecay	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo-8	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo-9	50%	50%	Amerisur	Andina, Amerisur	Exploration
Caporal	56.25%	56.25%	Arauca	Andina, National Hydrocarbons Agency	Closed on 2020
Villanueva	50%	50%	Perenco	Andina, National Hydrocarbons Agency	Closing in Progress
LLA39	50%	50%	Cóndor	Condor, Ecopetrol	Exploration
LLA52	48%	48%	Cóndor	Condor, Ecopetrol	Exploration

2. Basis of the Preparation.

2.1. Technical Regulatory Framework.

The Combined Interim Financial Statements including the financial statements of SierraCol Energy Arauca, LLC Colombian branch (Arauca), SierraCol Energy Andina, LLC Colombian branch (Andina) and SierraCol Energy Cóndor, LLC Colombian branch (Cóndor), which are under common control of SierraCol Energy Limited (SCE Ltd), company that is not registered in Colombia and in consequence does not have the obligation to present financial statements in Colombia.

These combined interim financial statements are presented on the basis of International Financial Reporting Standards as adopted in Colombia, including the requirements of IAS 34, “Interim Financial Reporting”. These standards have been established in Law 1314 of 2009, regulated by the Unique Regulatory Decree 2420 of 2015, modified by Decrees 2496 of 2015, 2131 of 2016, 2170 of 2017, 2483 of 2018, 2270 of 2019 and 1432 of 2020. The applicable standards in 2021 are based on the International Financial Reporting Standards (IFRS), along with its interpretations, issued by the International Accounting Standards Board (IASB); the based standards correspond to those officially translated to Spanish and issued by the IASB as of the second semester of 2018 and the incorporation of modifications to IFRS 16 Leases - Rent Reductions related to Covid-19 issued in 2020.

The detail of the accounting policies is included in Note 3 of this combined interim financial statement.

2.2. Measurement Base.

The combined interim financial statements have been prepared based on historical cost basis except the following items, included in the combined interim statement of financial position:

- The financial instruments related to investments in Trusts; whose classification is fair value through profit of loss.

- In relation to employee benefits, we have no assets for defined benefits and the liabilities are recognized through the projected credit unit method.

2.3. Functional Currency and Presentation Currency.

The functional currency (currency of the primary economic environment in which the Group operates) is the United States dollar (U.S. Dollars). The combined interim financial statements are presented in thousands of U.S. Dollars, except where otherwise is stated.

2.4. Use of Judgments and Estimates.

The preparation of the combined interim financial statements in accordance with the IFRS as adopted in Colombia require the management to make judgments, estimates and assumptions that affect the application of the accounting policies and the amounts of the assets, liabilities and contingent liabilities on the reporting date, as well as the income and expenses of the year. The real results may defer from these estimates.

The relevant estimates and assumptions are reviewed on annual basis. The revisions of the accounting assumptions are recognized in the period in which the estimate is revised and in any future period affected.

Judgement

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the combined interim financial statements is included in the following notes:

- Note 3.16: Functional Currency.
- Note 18: Property, Plant and Equipment (proven crude oil reserves, depreciation, amortization, impairment and determining the value in use).
- Note 26: Deferred Income Tax.

Assumptions and estimation uncertainties

The information regarding estimates assumptions and uncertainties that have a significant risk of resulting in a material adjustment in the following financial period, is included in the following notes:

- Note 18: Property, Plant and Equipment (estimated oil reserves, depreciation, amortization, impairment and determining the value in use).
- Note 23: Provisions for employee benefits (measurement of the obligations for defined benefits).
- Note 25: Other Provisions (includes the estimates for the calculation of abandonment costs): Key assumptions on probability and magnitude of an outflow of resources.
- Note 26: Deferred Income Tax.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5. Changes in significant accounting policies.

The Group has consistently applied the accounting policies for all periods presented in this combined financial statements. New standards are also effective from January 1st, 2021, but do not have a significant effect in the Group combined interim financial statements.

2.6 Basis of presentation

The purpose of these combined interim financial statements is to provide general purpose financial information of the Group for the inclusion in an Offering Memorandum for the issuance of the Senior Notes due 2028.

Therefore, the combined interim financial statements present only the financial information of those entities that will be part of the Group in Colombia at the time of the intended transaction.

Scope of the entities included in the Combined Interim Financial Statements

For the combination, the Group has included assets, liabilities, equity and income accounts and eliminated all balances and transactions between the Branches within the Group, likewise any unrealized expenses or income arising from transactions between the Combined Entities were eliminated during the preparation of the combined interim financial statements.

3. Significant Accounting Policies.

The accounting policies and the basis established below have been consistently applied in the preparation of the combined interim financial statements, according to the IFRS as adopted in Colombia, unless indicated otherwise (see note 2.5).

3.1. Foreign Currency

Foreign currency transactions are converted to the functional currency of the Group on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currency are converted to the functional currency at the exchange rate on the respective reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are converted to the functional currency at the exchange rate of the date on which the fair value was determined. Non-monetary items measured in terms of historical cost shall be converted using the exchange rate on the date of the transaction. The foreign currency conversion differences are generally recognized in profit or loss and they are presented within the foreign exchange income (loss).

3.2. Revenue

The information about the Group accounting policies related to contracts with clients is provided in note 4.

3.3. Financial instruments.

i) Initial recognition and measurement.

Financial Assets

Trade receivables are initially recognized when they are originated. All the other financial assets are initially recognized when the Group becomes part of the contractual provisions of the instrument.

A financial asset (unless it refers to a trade receivable without a significant financial component) is initially measured at fair value plus, for an item not at fair value through profit or loss, the transaction costs that are directly attributable to their acquisition or issuance. A trade receivable without a significant financing component is initially measured at the price of the transaction.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or is designated as such in the initial recognition. The Group financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and currency profit and loss are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii) Subsequent classification and measurement

Financial Assets

At the initial recognition, a financial asset is classified as measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets are not reclassified after their initial recognition, unless the Group changes its business model in order to manage the financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period after the change of the business model.

All financial assets that are not classified as measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets - Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- Policies and goals set for the portfolio and the operation of such policies in practice. These include if the strategy of the management is focused on obtaining revenue from contractual interests, match the duration of the financial assets with that of the related liabilities or the expected cash outflows or make cash flows through the sale of the assets,
- The risks that affect the performance of the business model (and the financial assets maintained within that business model) and how such risks are managed.

The financial assets that are maintained in order to negotiate or that are managed and whose performance is assessed on a fair value basis are measured at fair value with income changes.

Financial assets - Assessing whether contractual cash flows are only payments of the principal and interests

For purposes of this assessment, the term “principal” is defined as the fair value of the financial asset at the moment of the initial recognition. “Interest” is defined as the consideration of the temporary value of money and the credit risk associated with the principal pending amount during a particular period of time and for other risks and costs of basic loans (e.g., liquidity risk and administrative costs), as well as a profit margin.

When assessing whether the contractual cash flows are only payments of the principal and interests, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that may change the time or the amount of the contractual cash flows in a way that it does not meet this condition. When performing this assessment, the Group considers:

- Contingent events that would change the amount or timing of the cash flows,
- Terms that can adjust the contractual coupon rate, including the variable rate features,
- Pre-pay and extension feature and,
- Terms that limit the claim of the Group for cash flows of specified assets (for instance, non-recourse features).

Financial assets - Subsequent measurement and profit and loss

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net profit and loss, including interest revenue, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced due to impairment losses. Interest income, profit, and loss due to foreign currency exchange and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

iii) Impairment of financial assets

The Group recognizes the provisions for expected credit losses in financial assets measured at amortized cost.

The Group measures the provisions for losses in an amount equal to the expected credit losses during its life, excluding the following, which are measured in 12-month expected credit loss:

- Debt values that are determined to have low credit risk on the reporting date and,
- Other debt values and bank balances for which the credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not significantly increased since its initial recognition.

Loss provisions for trade receivables are always measured in a quantity equal to the expected credit loss during its life.

When determining whether the credit risk of a financial asset has significantly increased since the initial recognition and when estimating expected credit losses, the Group considers relevant reasonable information and it is available at no cost or undue effort. This includes both quantitative and qualitative analysis, based on the historical experience of Group and an informed credit assessment and including prospective information.

The Group assumes that the credit risk of a financial asset has significantly increased if it is past due on more than 30 days case in which that amount is provisioned.

The Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or,
- The financial asset is past due on more than 90 days.

The 12-month expected credit losses are part of the expected credit losses which result from possible predetermined events within the next 12 months after the date of the report (or a shorter period if the expected useful life of the instrument is under 12 months).

The maximum period considered when estimating the expected credit losses is the maximum contractual period during which the Group is exposed to the credit risk.

Measurement of expected credit losses

Expected credit losses are a weighted estimation of the credit losses likelihood.

Credit losses are measured as the present value of all cash deficits, i.e., the difference between the cash flows owed to the entity according to the contract and the cash flows that the Group expects to receive.

The expected credit losses are discounted at the effective interest rate of the financial asset.

Impaired financial assets

On each report date, the Group assesses if the financial assets accounted at amortized cost have credit impairment. A financial asset has a "credit impairment" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The evidence of credit impairment of a financial asset includes the following observable data:

- Significant financial difficulties of the borrower or issuer,
- A non-compliance with the contract, such as the non-compliance with a payment or past due on over 90 days,
- Restructuring of an account receivable or advance payment by the Group in terms that the Group would not consider otherwise,
- It is likely the borrower goes bankrupt or other financial reorganization or,
- The disappearance of an active market for a security due to financial difficulties.

Presentation of the expected credit loss ("ECL") provision in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

iv) Write-off

Financial Assets

The Group derecognizes a financial asset when the contractual rights of the cash flows of the financial asset expire, or when it transfers the rights to receive such contractual cash flows in a transaction in which all risks and benefits of the ownership of the financial asset are substantially transferred or in which the Group does not transfer or substantially holds all risks and benefits of the ownership and does not hold control of the financial asset.

Financial Liabilities

The Group derecognizes a financial liability when its contractual obligations are released or paid off, or they expire. The Group also disposes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability is recognized at fair value based on the modified terms.

In the disposal of a financial liability, the difference between the extinguished book value and the compensation paid (including non-transferred assets or assumed liabilities) is recognized in income.

v) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

3.4. Joint Arrangements.

IFRS 11 defines a joint arrangement as an arrangement in which two or more parties have joint control. The joint control is defined as a distribution of power established contractually, that exists only when the decisions on the relevant activities require a unanimous approval from the parties sharing the control.

When revising the Joint Arrangements, the Group found that all correspond to Joint Operations and recognized in relation to its participation on these the following:

a) Its assets, including its share of any assets held jointly.
b) Its liabilities, including its share of any liabilities incurred jointly.
c) Its revenue of ordinary activities from the sale of its share in hydrocarbons, product of the joint operation.
d) Its costs and expenses, including its share of the costs and expenses incurred jointly.

3.5. Inventories.

Inventories are assets:

a) Possessed to be sold under normal operational conditions.
b) In production process aimed at that sell.
c) In the form of materials or supplies, to be consumed in the production process, or in the provision of services.

The Group recognizes its inventories from the moment their risk and benefits are transferred.

The inventories that the Group handles are:

a) Finished goods
b) Materials and accessories.
c) Spare parts (*)
d) In transit materials.
e) Other inventories

The inventories are measured at cost or net realizable value, whichever is lower. The cost of material, spare parts and accessories inventories is based on the weighted average valuation method and includes the expenditure for the acquisition of inventories and other costs incurred in their transport to location and current conditions. For the finished goods inventory (crude inventory) the cost shall be the one for barrel production, determined as the division of the operation costs plus the depreciation and amortization, divided by the total number of produced barrels. This cost per barrel will be applied to the final crude inventory.

Inventories are measured at the lower of cost and net realizable value.

(*) The spare parts are used in maintenance activities and they are recorded in cost or expense during the period on the consumption basis.

3.6. Property, Plant and Equipment.

These are tangible assets that the Group has for use in production or supply of goods and services or for administrative purposes and are expected to be used for more than one period.

The book value of the Property, Plant and Equipment (PP&E) of the Group represents the cost incurred to acquire or develop the asset, including the asset retirement obligations and capitalized interests, net of accumulated depreciation, depletion, amortization and impairment charges. The asset retirement obligations and the costs for incurred interests in relation to the capital expenses are capitalized and amortized during the useful life of the related assets.

The Group utilizes the Successful Efforts Method to account its oil and gas properties. Under this method, the Group capitalizes the costs of acquiring properties, the cost of drilling successful exploration wells and the development costs.

The successful efforts accounting method is used in the oil and gas industry to account for certain operating expenses. Under the successful efforts method, the Group capitalizes the costs incurred in searching for acquiring and developing oil and gas reserves, if they result directly in acquiring finding, or developing proved reserves. All other expenses are expensed as incurred.

Some costs may be capitalized as wells or constructions-in-progress until there is additional information about the existence of future benefits; as soon as the additional information becomes available, these costs can either be charged to expense (if there are no future benefits) or reclassified as a fixed asset (if there are future benefits). In the latter case, these costs are amortized as production occurs, so that expenses offset revenues.

Recognition and Measurement:

The Group will recognize a property, plant, and equipment item if it is probable that it obtains future economic benefits associated with the asset and the cost of the item can be reliably measured. The items of property, plant and equipment are measured at cost less the accumulated depreciation and accumulated impairment losses.

The initial cost of an asset includes expenses that are directly attributable to the acquisition of the asset to make it suitable for its use as well as the costs of dismantling, removing the items and restoring the site on which they are located. The capitalized value of right-of-use assets (lease contracts) is also included in property, plant and equipment.

The cost of the additions or upgrades to existing assets shall be capitalized if its useful life increases in more than a year or in its original specifications such as capacity, efficiency, or economic operation. The works of wells services activities shall be capitalized, only if the proven reserves are increased.

If there is a replacement of a part of an equipment or facility, the proper accounting procedures should be used to ensure not doubling the value of the assets and/or reserves for depreciation and/or amortization.

The costs incurred in repair and maintenance of the existing assets must be recorded as expenses of the period. The costs incurred in greater maintenance must be recorded as expenses of the period.

Spare parts and materials capitalized as part of projects are items such as casing, wellhead, variators, ALS equipment, production tubing, among others, which are used in the capital projects (development wells) and they are amortized in accordance with actual consumption

Amortization:

The oil assets are amortized by the units of production method (UOP), for which the amortization rate is calculated according to the following formula, and this rate is multiplied by the net monthly production, to find the value of the monthly amortization.

$$\text{Amortization rate (DD\&A)}^{1} = \frac{\text{Net Book Value (NBV)}}{\text{Proved developed reserves}}$$

Land is not depreciated, the rest of the general Property assets are depreciated using the straight-line method over the acquisition cost, according to the estimated useful life of each asset, as follows:

Property, Plant and Equipment	Useful life in years
Colon Building	33
Buildings and constructions; aqueducts, plants, and networks	20
Equipment and office equipment	10
Computers and communication equipment and vehicles	5
Oil Pipeline PP&E	UOP
Development Assets – PP&E	UOP
Other PP&E (ARO)	UOP

The depreciation and residual values methods are revised in each fiscal year and adjusted if necessary. As of March 31, 2021, and December 31, 2020, no residual values have been estimated.

Cash generating units (CGU):

A Cash Generating Unit ("CGU") is the identifiable group of smaller assets, that generate cash inflows in favor of the entity that are, in good part, independent from the cash flows derived from other assets or asset groups. To determine the CGU, the Group applied judgment where each CGU was identified as a main area within which the assets share similar characteristics, infrastructure, and cash inflows.

[1] For purposes of the calculation of the amortization rate, the Group updates the net book value and the proved reserves every quarter

Impairment:

Must be assessed, on each reporting date, if there is any sign of impairment. In case there is evidence, the Group must perform the impairment tests to its own PP&E on proved developed reserves to estimate the recoverable value of the asset.

The recoverable value of an asset or cash generating unit is the greatest value between its value in use and fair value, minus selling costs. To determine the value in use, the estimated future cash flows are discounted from its present value, using a discount rate before taxes that shows that the current evaluations of the market over the temporary value of the money and the specific risks that the asset may have.

An impairment loss is recognized if the book value of an asset or its cash generating unit exceeds its recoverable value. The impairment losses are recognized in profit or loss.

The PP&E is grouped for impairment purposes in the lowest level for which cash flows are identified, and each CGU is determined. If there is an indication that the book value of the asset cannot be recoverable due to the decrease in the future and current prices, significant changes on the reserves estimates, changes in the management plans or other important events, the Group will evaluate the CGU for impairment. If the value in use is lower than the book value of the CGU, the book value is reduced, and it is expressed as an impairment charge in the period.

An element of property, plant and equipment is impaired when no future economic benefits derived from the continuous use of the asset are expected.

The profit or loss for the sale of an asset correspond to the difference between the consideration received from the transaction and the book value of the assets. These are included in the profit or loss of the period.

Right-of-use assets are depreciated through their expected useful life, in the same way that own assets, or through the lease term, whichever is shorter.

3.7. Exploration and Evaluation Assets.

The exploration and evaluation assets are expenditures in connection with the exploration and evaluation that are recognized as assets according to the accounting policies of the Group.

The Group will recognize an exploration and evaluation asset when:

a) It is probable that the Group obtains future economic benefits derived from it.
b) The cost of the element can be reliably measured.

The Group applies the successful efforts method in the recognition of the exploration and evaluation asset, which consists in capitalizing the value of the asset (well) as development and exploitation asset once it is finished if the well turns out successful, or it is taken to expenditures if it is not successful.

The Group measures the exploration and evaluation assets through the cost model, and it is not subjected to depreciation or amortization.

The Group should assess the value impairment of the exploration and evaluation assets when the facts and circumstances suggest that the book value may exceed its recoverable value.

The expenditures of geological, geochemical, and geophysical expenses (G&G) are recognized as expenses when they are incurred.

3.8. Leases.

At inception of a contract, the Group assesses if that contract is, or contains, a lease. A contract is, or contains, a lease if the contract transfers the right to control the use of an identified asset for a period in exchange for a consideration. In order to assess if a contract transfers the right to control the use of an identified asset, the Group utilizes the definition of lease in IFRS 16.

As a lessee

At commencement or during the modification of a contract containing a lease component, the Group allocates the compensation in the contract for every lease component upon the base of the independent relative price.
The Group recognizes a right-of-use asset and a lease liability on the initial date of the lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any rent payment made on or before the initial date, plus the initial direct costs incurred and an estimation of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site it is located in, minus the received lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the initial date until the end of the lease term, unless the lease transfers the ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group exercise a purchase option. In such case, the right-of-use asset shall be depreciated throughout the useful life of the underlying asset, which is determined upon the same basis of those in Property and Equipment. Additionally, the right-of-use asset is periodically reduced by impairment losses, if applicable, and it is adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the rent payments that are not paid on the initial date, deducted using the interest rate implicit in the lease or, if such rate cannot be easily determined, the incremental rate for loans defined by the Parent Company based on their debt amount. Generally, the Group uses an incremental rate for loans defined by the Parent Company as discount rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments.
- Variable lease payments which depend on an index or rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortized cost using the effective interest method. It is once again measured when there is a change on the future lease payments which arise from a change in an index or rate, if there is a change of the Group's estimation of the amount that it expects to pay under a residual value guarantee, if the Group changes its evaluation whether to exercise a purchase option, extension or termination or if there is a fixed lease payment revised in essence.

When the lease liability is measured in this way, the adjustment corresponding to the book value of the right-of-use asset is performed, or it is recorded in profit or loss if the book value of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in the "Property, Plant and Equipment" item, and the lease liabilities in "Lease Liabilities" within the combined statement of financial position.

Short-term leases

The Group has decided not to recognize right-of-use assets and lease liabilities for short-term leases. The Group recognizes lease payments associated with such leases as a current expenditure during the term of the lease.

3.9. Provisions - Abandonment Costs.

The Group recognizes the current value of abandonment costs in the period in which it is determined that a present legal obligation exists that at the end of the useful life, an asset must be dismantled, regenerated or repaired and the obligation cost for abandonment may be reasonably estimated. The value of the liability is based on estimates of the future abandonment costs and incorporate assumptions such as abandonment time, technological changes, future inflation rates and discount rates adjusted to the risk. When the liability is recognized for the first time, the Group capitalizes the cost through the balance increase related to PP&E. If the obligation of the abandonment estimated future cost changes, the Group registers an increase in the Abandonment Liability against PP&E on the Statement of Financial Position. A portion of the asset and the liability is registered in costs each year for the depreciation calculation and for the revision of the liability present value during the life of the asset.

3.10. Employee Benefits.

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

The Group gives benefits to its employees in the short-term, long-term, post-employment benefits and termination benefits, which are recognized in accordance with IAS 19, as follows:

Defined contribution Plans:

The value (without discount) of the defined contribution plans is recognized when the employee has rendered his services during the accounting period, as liability, after deducting any already satisfied value. If the paid amount is higher than the amount without deducting the benefits, the Group recognizes the difference as: i) an asset (anticipated payment of an expense), to the extent that the anticipated payment gives place to a reduction in future payments or to a cash refund; ii) as an expense, unless another standard demands or allows the inclusion of the above-mentioned benefits in the cost of an asset.

In the case of benefit plans, these are recognized when there is a present, legal or implicit obligation, to make such payments as a result of events that occurred in the past and a reliable estimate of the amount of such obligation can be done.

Other long-term employee benefits:

The Group recognizes the long-term benefits for its obligations with each one of its workers as consequence of their acquired right, in accordance with the current law and the existing employment agreements, in the liability against the profit or loss of the period.

Defined benefit Plans:

The Group recognizes as defined benefit plans, its obligations with each one of its workers as consequence of their acquired right, in accordance with the current law and the existing employment agreements.

Retirement Pension: The Group has a pension plan of defined economic benefits and it is funded through payments performed to a fund managed by a trust.

The pension plans of defined benefits establish the benefit amount per pension that an employee will receive at his retirement, which usually depends on one or more factors, such as, age of the employee, years of service and compensation.

The assets kept by the Group in the existing funds for the payment of retirement pensions are not considered assets of the defined benefit plan, since their use is not restricted to pension payment, which is why said assets are not included in the calculation of the deficit or surplus of the plan.

This measurement method requires the use of actuarial techniques to make a reliable estimate of the final cost for the Group of the benefit that the employees have earned in change of their services in the present and previous periods. This requires the Group to determine the amount of the benefits that result attributable to the present period and the previous ones, and carry out the estimates (actuarial assumptions) regarding the demographic variables (such as employee rotation and mortality) and financial (such as future increases in salaries and in medical aid costs) that affect the cost of the benefits.

The calculation of the obligations for defined benefits is currently carried out by a qualified actuary to perform the necessary actuarial studies according to the IAS 19.

Termination Benefits:

The Group recognizes the benefits for the termination of the labor contract without just cause, as a liability and as an expense, when it is demonstrably committed to:

- Revoke the link that unites the Company and the employee or a group of employees before the normal retirement date, or
- Pay said benefits as a result of an offer presented to encourage the voluntary resignation of the employees.

3.11. Provisions, Assets and Contingent Liabilities

The provisions are recognized when the following circumstances are met:

a) The Group has a present obligation (either legal or implicit) resulting from a past event.

b) It is likely that the Group has to detach from resources, that incorporate economic benefits to pay said liability.

c) A reliable estimate of the value of the liability may be done.

The Group takes the following criteria into account to determine the probability of an outflow of resources:

- Probable (>50%): A provision will be recognized.
- Possible (10% - 50%): A contingent liability will be disclosed.
- Remote (<10%): Nothing is done.

The estimates of each one of the possible endings, as well as its financial effect, is determined by the judgment of the Group's management, complemented by the existing experience on similar operations and, in most cases, by reports from experts. The evidence to be considered includes, likewise, any type of additional information derived from the events occurred after the period being informed.

The provisions are measured at present value of the expenditures expected to be required to pay the obligation, using an interest rate before taxes that shows the current conditions of the market over the value of the money and specific risks for such obligation. There are provisions for fines and labor and retirement disputes.

Contingent assets are not recognized in financial statements, however, when the realization of revenue is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

3.12. Net Parent Investment

i) Net Parent Investment.

For local purposes the Group entities established in Colombia as branches of foreign entities, are not considered independent entities, instead they are an extension of the Parent Company. Consequently, the Branches book their cash flows with the Parent Company as the movement of Net Parent Investment.

3.13. Taxes

3.13.1. Income taxes:

The income tax expense comprises the current and deferred tax. It is recognized in profit or loss, except to the extent that it is related to items directly recognized in equity or other comprehensive income.

The Group has determined that the interests and fines related to income taxes, including uncertain fiscal treatments, do not comply with the definition of income tax, and thus they were recorded under IAS 37 -Provisions, contingent liabilities, and contingent assets.

3.13.2. Current Tax:

Current tax is the amount payable or recoverable for current income tax, it is calculated following the Tax Law enacted on the reporting date. Management periodically assesses the position assumed in tax returns, regarding situations in which tax laws are object of interpretations and, if necessary, constitute provisions over the amounts that shall be paid to tax authorities.

To determine the provisions for income taxes, the Group calculates it based on the greater value between the taxable profit or the presumptive income (minimum profitability on the net equity of the previous year that the law presumes to establish the income tax).

The Group only offsets the assets and liabilities for current income taxes, if there is a legal right before the tax authorities and intends to settle the debts resulting from its net value, or, realize the assets and settle the debts at the same time.

3.13.3. Deferred Taxes:

The deferred tax is recognized using the method of the liability, determined by the temporary differences between the tax bases and the book value of the assets and liabilities included in the financial statements.

The deferred tax liabilities are those amounts payable in the future for income tax related to the taxable temporary differences, while the assets for deferred taxes are those recoverable amounts of income tax due to the existence of deductible temporary differences, compensable negative taxable basis or deductions pending for application. For these purposes the temporary difference refers to the difference between the book value of assets and liabilities and their tax basis.

Recognition of taxable temporary differences:

The deferred tax liabilities derived from the taxable temporary differences are recognized in all cases, except when:

- They arise from the initial recognition of the surplus or of an asset or liability in a transaction that is not a combination of businesses and on the transaction date it does not affect neither the accounting result nor the taxable base.
- They correspond to differences associated with investments in subsidiaries, associates, and joint businesses on which the Group has the capacity of controlling the timing of the reversal and their reversal is not likely to occur in a foreseeable future. The Group has not invested or does not have any relationship of control with subsidiaries or associates.

Recognition of deductible temporary differences:

The assets for deferred taxes derived from the taxable temporary differences are recognized provided that:

- It is likely that there is enough future taxable profit for its compensation, except in those cases in which the differences arise from the initial recognition of assets or liabilities in a transaction that is not a combination of businesses and on the date of the transaction it does not affect neither the accounting result nor the taxable base.
- They correspond to temporary differences associated with investments in subsidiaries, associates and joint businesses to the extent that the temporary differences revert in a foreseeable future and the generation of taxable profit is expected to compensate the differences, the Group has not invested or does not have any relationships of control with subsidiaries, associates or joint businesses;

The assets for deferred taxes that do not meet the aforementioned conditions are not recognized in the statement of financial position. The Group reconsiders at the year end, if the conditions to recognize the assets for deferred taxes that had not previously been recognized are met.

Tax planning opportunities are only considered in the assessment of the recovery of assets for deferred taxes, if the Group intends to adopt them or it is likely it adopts them.

Measurement:

Assets and liabilities of deferred taxes are measured using tax rates that apply in the years in which it is expected to recover assets or pay liabilities, using tax rates enacted or substantively enacted at the reporting date, and once considered the tax consequences resulting from the way in which the Group expects to recover assets or settle the liabilities.

The Group revises at the year end, the book value of the assets for deferred taxes, in order to reduce said value to the extent that it is not likely to exist enough future positive taxable basis to compensate them.

The Group’s non-monetary assets and liabilities are measured in terms of its functional currency. If tax profits or losses are calculated on a different currency, the exchange rate variations give place to temporary differences and the recognition of a deferred tax liability or asset and the resulting effect is charged or included in the profit or loss of the period.

Compensation and classification:

The Group only offsets the assets and liabilities for deferred income tax if there is a legal right of compensation before tax authorities and such assets and liabilities correspond to the same fiscal authority and the same taxable person or different taxable persons who intend to pay or make assets and current tax liabilities at their net amount or realize the assets and settle the liabilities simultaneously in each of the future exercises that are expected to be settled or recover significant amounts of assets or liabilities for deferred taxes.

The assets and liabilities for deferred taxes are recognized in the combined interim statement of financial position as non-current assets or liabilities, regardless of the expected date of creation or settlement.

3.13.4. Uncertain tax positions

Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

3.13.5. Industry and Commerce Tax

In the application of Article 76, Law 1943 of 2018, the Group recognized as a year's expense the totality of the Industry and Commerce Tax incurred in the year, the value susceptible to be imputed as a tax discount is treated as a non-deductible expense in the determination of the income tax for the year, the applied tax discount reduces the value of the current income tax expense for the period; regarding the balances susceptible to be applied as a tax discount for the following year, an asset was recognized for deferred tax.

3.14. Financial income and costs

Financial income and financial costs of the Group includes the following:

- Interest income.
- Interest expenditure.
- Net profit or loss in financial assets recorded at fair value through profit or loss.
- Profit or loss due to the conversion of financial assets and liabilities in a foreign currency.

Interest income or expenditure is recognized using the effective interest method.

The "effective interest rate" is the rate that exactly deducts the estimated future payments or cash receipts during the expected useful life of the financial instrument for:

- The gross book value of the financial asset; or
- The amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.15. Expenses recognition

The Group recognizes its costs and expenses, according to the occurrence of economic facts in such a way that they are systematically recorded in the corresponding accounting period (accrual accounting), independently of the flow of monetary or financial resources (cash accounting).

An expenditure is immediately recognized, when it does not generate economic benefits or when it does not comply with the requirements necessary for its recording as asset.

3.16. Functional Currency

To determine the functional currency, the main economic environment in which the Group operates must be considered, which is normally that in which cash is generated and used. The Group takes the following factors into account:

a) The currency that mainly influences in the sell prices of the goods and services.
b) The currency of the country whose competitive forces and regulations fundamentally determine the sell prices of its goods and services.

c) The currency that fundamentally influences labor, materials and other costs related to produce the goods or provide the services.

d) The currency in which the entity obtains most of its funding (i.e. whichever corresponds to the issued debt and equity instruments).

e) The currency in which the values charged for operation activities are kept.

3.17. Issued non-effective standards

Issued standards and amendments

Below are the amendments issued by the IASB during 2019 and 2020; some of them entered into force worldwide as of January 1st, 2020 and 2021 and other will enter into force as of January 1st, 2022 and 2023. These standards have not been adopted in Colombia yet.

Financial information standard	Subject of the standard or amendment	Detail
IFRS 9 - Financial instruments IAS 39 - Financial instruments - recognition and measurement IFRS 7 - Financial instruments - information to disclose.	Interest Rate Benchmark Reform (modifications to IFRS 9, IAS 39 and IFRS 7)	Addition of paragraphs 6.8.1 to 6.8.12 of IFRS 9, regarding temporary exceptions from applying specific hedge accounting requirements Incorporation of paragraphs 102A to 102N and 102N to 108G to IFRS 39, regarding temporary exceptions from applying specific hedge accounting requirements. Paragraphs 24H are incorporated regarding the uncertainty that arises from the Interest Rate Benchmark Reform, 44DE and 44DF (validity and transition date). The amendment is applicable as of January 1 2020 and its earlier application is permitted (although a significant impact for Colombian entities is not expected) and its requirements shall be applied retroactively only to those hedging relationships that existed at the beginning of the period being reported and in which the entity apply such requirements for the first time.
IFRS 9 - Financial instruments IAS 39 - Financial instruments - Recognition and measurement IFRS 7 - Financial instruments - information to disclose. IAS 4 - Insurance contracts. IFRS 16 - Leases	Interest Rate Benchmark Reform - Phase 2	The following paragraphs are added 5.4.5 to 5.4.9 Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform (measurement at amortized cost), 6.8.13 Finalization of the temporary exceptions from applying specific hedge accounting requirements, 6.9.1 to 6.9.13 Additional temporary exceptions arising from Interest Rate Benchmark Reform, 7.1.10 Effective date, and 7.2.43 to 7.2.46 Transition for Interest Rate Benchmark Reform Phase 2 of IFRS 9. Paragraph 102M regarding the end of application of temporary exceptions from applying specific hedge accounting requirements is modified, paragraphs 102O to 102Z3 Additional temporary exceptions arising from interest rate benchmark reform and 108H to 108K Effective date and transition are added, and new headings are added, from IAS 39. The following paragraphs are added: 24I and 24J Additional disclosures related to interest rate benchmark, 44GG and 44HH Effective date and transition, as well as subheadings, from IFRS 7. Paragraphs 20R and 20S Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform are added, as well as paragraphs 50 and 51 Effective date and transition, and new subheadings are added, from IFRS 4. Paragraphs 104 to 106 Temporary exception arising from interest rate benchmark reform are modified, and paragraphs C20C and C20D Interest Rate Benchmark Reform - Phase 2 are added, from IFRS16.

Financial information standard	Subject of the standard or amendment	Detail
		The amendment was issued in August 2020 and must be applied on or after January 1 2021 and their earlier application is permitted.
IAS 16 - Property, Plant and Equipment.	It is modified in relation to proceeds before intended use.	The modification covers costs directly attributable to the acquisition of the asset (which is part of the PP&E element) and they refer to "the cost of testing that the asset is operating properly (i.e., whether the technical and physical performance of the asset is such that it can be used for the production or supply of goods or services, in order to be leased to third-parties or for administrative purposes)". Paragraph 20A states that inventory production, while the PP&E element is capable of operating in the manner intended by management, at the moment of sale, shall affect the result of the period, together with-it corresponding cost. The amendment must be applied on or after January 1 2022 and its earlier application is permitted. Any effect on its application shall be performed retroactively but only to PP&E items that are brought to the location and conditions necessary for them to be capable of operating in the manner intended by management as of the first period presented in the financial statement in which the entity applies the modifications for the first time. The accumulated effect of the initial application of such modifications will be recognized as an adjustment to the opening balance of accumulated profit (or other equity component if applicable) at the beginning of the first presented period.
IAS 37 - Provisions, contingent liabilities, and contingent assets.	Onerous Contracts - Cost of Fulfilling a Contract	It clarifies that the cost of fulfilling a contract comprises the costs directly relating the contract (cost of direct labor and materials, and the allocation of costs directly related to the contract). The amendment must be applied on or after January 1 2022 and its earlier application is permitted. The effect of the application of the modification shall not restate comparative information. In turn the accumulated effect of the initial application of such modifications will be recognized as an adjustment to the opening balance of accumulated profit or other equity component, if applicable, on the date of initial application.
IAS 1 - Presentation of Financial Statements.	Modifications related to the classification of liabilities as current or noncurrent are made.	Such modification was issued in January 2020 and subsequently modified in July 2020. It modifies the requirement to classify a liability as current by establishing that a liability is classified as current when "it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period". Clarifies in paragraph 72A that "the right of an entity to defer the settlement of a liability for at least twelve months after the reporting period shall be substantial and, as stated in paragraphs 73 to 75, it must exist before the end of the reporting period". The amendment must be applied on or after January 1 2023 and its earlier application is permitted. The effect of the application on comparative information shall be made retroactively.

4. Revenue

- Revenue

The Group recognizes the revenue primarily from:

a) Oil crude sales.
b) Gas Sales.
c) Service provision revenues.

- Revenue breakdown

The following table shows the breakdown of the main products and services for the three months period ended March 31, 2021 and 2020:

Thousands	March 31, 2021	March 31, 2020
Oil Crude (1)	168,403	164,207
Gas	388	148
Services	2	-
Total revenue	**168,793**	**164,355**

(1) Below is the composition of crude oil sales between local sales and exports:

In thousands, except for barrels and average price	March 31, 2021			March 31, 2020		
	Barrels	**Average Price**	**Amount**	**Barrels**	**Average Price**	**Amount**
Exports (US)	-	-	-	2,377,866	44.54	105,905
Local Sales (Colombia)	2,820,821	59.70	168,403	1,159,706	50.27	58,302
Total	**2,820,821**	**59.70**	**168,403**	**3,537,572**	**46.42**	**164,207**

The Group Oil sales comes from the Llanos Norte (Cravo Norte, Rondón, Chipirón and Chipirón), LCI and Teca-Cocorná contracts.

Llanos Norte production was transported through the pipeline "Caño Limón – Coveñas (the "System"), and it was exported in the first semester of 2020. During the second semester the production was sold to Ecopetrol under Local Sales Contract executed by Ecopetrol, Arauca and Andina to trade the Llanos Norte crude. The term of the contract is one (1) year, from July 1st, 2020 to June 30th, 2021.

LCI and Teca-Cocorná oil production was sold to Ecopetrol under the Local Sales Contracts executed by Ecopetrol and Andina.

The concentration of revenue per customer is detailed below:

	March 31, 2021	March 31, 2020
Occidental Crude Sales	0%	64%
Ecopetrol	100%	36%

The Group applies the practical expedient described in paragraph 121 of IFRS 15 and does not disclose information on pending performance obligations since it recognizes revenue from continuing operations by the amount that corresponds to the value of the performance obligation with the client that the Group has completed to date (the oil delivered and the services rendered).

- Performance obligations and revenue recognition policies

The revenue measurement is based on the considerations established in the contracts with clients. The Group recognizes revenues when it transfers the control over the goods or services to the client.

The following table provides information on the nature and the opportunity to fulfill performance obligations in contracts with clients, including significant payment terms and related revenue recognition policies:

Type of product / service	Nature and opportunity to fulfill performance obligations, including significant payment terms.	Revenue recognition policies
Crude oil	Contract for the supply of Llanos Norte crudes (property of Arauca and Andina) to Ecopetrol: The Contract was signed on June 24th, 2020. The sales take place whenever the evacuation of crude is feasible through the pipeline "Caño Limón Coveñas" and the delivery and transfer point are the available crude storage tanks inlet flanges in Coveñas. The term of the contract is one (1) year, with effective date July 1st, 2020 to June 30th, 2021. Payment is made within 15 days. The price formula is defined according to the crude quality, which is measured by the transporter responsible for the custody of the crude, as follows: 1. Crude defined as pure Caño Limon Price formula = ICE Brent average of delivery month + Vasconia Differential average of delivery month + $0.80/bbl. – 50% Cost per barrel in US dollars of sample taking and analysis. 2. Crude defined as lower-quality Caño Limon Price formula = ICE Brent average of delivery month + Vasconia Differential average of delivery month + $0.40/bbl. – 50% Cost per barrel in US dollars of sample taking and analysis. 3. Crude defined as Vasconia quality Price formula = ICE Brent average delivery month + Vasconia Differential average of delivery month - 50% Cost per barrel in US dollars of sample taking and analysis.	The revenue is recognized when the client obtains control of the crude oil, which is generally as follows: • Exports: When the crude is delivered to the Tanker Loading Unit TLU of the Coveñas Terminal. • National sales: When the crude is delivered to the flange's inlet in the crude storage tanks available in Coveñas.
Gas	Contract for the supply of gas, whose performance obligation is fulfilled at a point in time with each delivery made to the client and its payment is made within 30 days. It only applies to LCI.	The revenue is recognized when the client obtains control of the gas, which is generally when the gas is delivered in the flange outlet meter of the gas plant.
Services	Corresponds to ad hoc services which are billed on a monthly basis related to the use of the equipment, whose performance obligation is fulfilled at a point in time and the payment is made 30 days after invoicing.	The revenue is recognized when the client obtains control over the received service.

5. Cost of sales

The following table shows the detailed cost of sales for the three months period ended March 31, 2021 and 2020:

Thousands	**March 31, 2021**	**March 31, 2020**
Production cost	2,047	488
Pipeline cost	9	16
Depreciation, depletion, and amortization	42,420	54,564
Impairment of inventory	155	95
Pipeline tariff	2,329	2,186
Workover and wellservices	14,116	8,388
Inventory variance (1)	89	9,876
Maintenance	6,933	6,981
Supports	10,037	7,299
Energy	9,760	9,387
Abandonment cost	1,408	1,009
Dry hole cost	33	-
Exploration and seismic expenses	2,914	1,340
Cost of sales	**92,250**	**101,629**

(1) This amount relates to the valuation of the inventory considering the fluctuation of the production cost during the period. For the three-month period as of March 31, 2020, it was affected by a reduction in the volume of barrels and the reduction of the average production cost per barrel during the quarter. For three-month period as of March 31, 2021, it was affected by an increase in the volume of barrels and the reduction of the average production cost per barrel during the quarter.

6. Other income

The following table shows the detailed other income for the three months period ended March 31, 2021 and 2020:

Thousands	**March 31, 2021**	**March 31, 2020**
Material sales	261	-
Dry hole	-	889
Other	230	487
Other income	**491**	**1,376**

7. Administrative expenses

The following table shows the detailed administrative expenses for the three months period ended March 31, 2021 and 2020:

Thousands	**March 31, 2021**	**March 31, 2020**
Personnel expenses (1)	10,699	12,450
Fees	1,618	1,035
Taxes	48	-
Leases (2)	77	1,966
Contributions	5	10
Insurances	543	92
Services	422	487
Repair and maintenance	7	175
Travel expenses	25	103
Other	717	-
Overhead (3)	(4,667)	(6,118)
Administrative expenses	**9,494**	**10,200**

(1) Personnel expenses for the three months period ended March 31, 2021 and 2020 includes:

Thousands	**March 31, 2021**	**March 31, 2020**
Salaries wages	4,451	3,261
Bonus	3,444	4,109
Non-tax related contribution (Social Security)	299	487
Severance and severance interest	34	88
Other employees' benefits	1,379	1,160
Retirement pensions provision	374	-
Taxes	139	2,026
Prepaid medical care allowance	330	611
Employees' funds	167	552
Relocation expenses	82	117
Travel expense	-	3
Others	-	36
Personnel expenses	**10,699**	**12,450**

(2) The variance is due to leases cancellations in Q1 2020 for $1,894, no leases have been cancelled in 2021.

(3) Overhead is the administrative surcharge agreed by the partners of the association or collaboration contracts.

8. Financial income

Includes the financial income received from the bank and trust accounts. For the three months period ended March 31, 2021 and 2020, amounts to $41 and $1,061, respectively.

9. Financial expenses

The following table shows the financial expenses for the three months period ended March 31, 2021 and 2020:

Thousands	**March 31, 2021**	**March 31, 2020**
Bank expenses	500	623
Interest expense	39	82
Leases interest	84	160
Financial expenses	**623**	**865**

10. Foreign exchange income

The following table shows the impact of the monetary position for the three months period ended March 31, 2021 and 2020:

Thousands	**March 31, 2021**	**March 31, 2020**
Realized exchange rate difference	1,749	871
Unrealized exchange rate difference	6,744	26,070
Foreign exchange income	**8,493**	**26,941**

The amount comes from the changes in the Colombian pesos' monetary balances and the devaluation of the Colombian peso between both periods (March 31, 2021 USD/COP $3,736.91 vs March 31, 2020 USD/COP $4,064.81).

11. Income tax expense

In accordance with the current fiscal rules, the Group is subject to income tax and complementary taxes. The applicable rate for 2021 and 2020 were 31% and 32%, respectively.

Taxable rate for fortuitous profit is of 10%. The base to determine the income tax cannot be lower than 0.5% of the net parent investment on last day of the immediately preceding taxable year (presumptive income).

For local purposes, the income tax of the Colombian Branches is determinate on the standalone basis and each Branch file a separate tax return.

In addition:

i) Income tax returns for taxable years 2016, 2017, 2018, 2019 and 2020 are open for tax review by tax authorities, additional taxes are not foreseen in case of an inspection.

ii) The returns regarding the Income Tax on Equity (acronym "CREE") for taxable year 2016 is subject to review by tax authorities; no additional taxes are foreseen in case of an inspection.

The expenses in the combined interim financial statements for income tax for the three months period ended March 31, 2021 and 2020 comprise:

Thousands	**March 31, 2021**	**March 31, 2020**
Current income tax expense:		
Income tax – Arauca	19,646	16,885
Income tax – Andina	6,817	9,553
Income tax – Condor	-	-
Current income tax	26,463	26,438
Deferred tax:		
Deductible temporary differences change – Arauca	1,022	1,891
Deductible temporary differences change – Andina	21,948	6,838
Deductible temporary differences change – Condor	-	-
Total deferred income tax expense (income)	22,970	8,729
Total income tax expense	**49,433**	**35,167**

To date, there are no tax losses carried forward pending for offsetting.

The income tax returns for 2016 onwards shall be opened for National Tax Authority reviewing for three (3) years. For entities that apply transfer prices rules, the income tax returns for 2016 onwards shall be opened for six (6) years. This rule also applies to returns in which tax losses are compensated. For those returns that generate tax losses until 2018, the income tax return shall be opened for twelve (12) years and from 2019, the income tax return shall be opened for five (5) years.

For Arauca and Andina Branches the income tax returns of 2016, 2017, 2018 and 2019 are open for auditing by the tax authority. CREE´s tax return of 2016 (Arauca and Andina) is open for auditing.

Effective rate reconciliation

The effective income and complementary taxes rate reconciliation of the Group differs from the applicable nominal rate in accordance with current regulations. Below is the detail of the reconciliation between first quarter rates for 2021 and 2020:

Thousands	March 31, 2021		March 31, 2020	
	Values	**Rates**	**Values**	**Rates**
Net income before income tax	**75,284**		**80,352**	
Income tax applying nominal rate	23,338	31.0%	25,713	32.0%
Non-deductible (deductible) expenses	5,489	7.29%	703	0.88%
Non-deductible taxes	5,182	6.88%	155	0.19%
Tax rate effect of temporary differences and conversion effect of the Branches (1)	17,813	23.66%	8,930	11.11%
Exempted income	(2,389)	(3.17)%	(334)	(0.42)%
Total income tax expense	**49,433**	**65.7%**	**35,167**	**43.7%**

According to current tax legislation in Colombia, neither the distribution of dividends nor the withholding of profits represents an effect on the income tax rate.

(1) This amount corresponds to: i) the difference between the tax rates applied to temporary differences movement and the tax rate applied over the current income tax basis (deferred tax rate FY 2022 onwards is 30% and current tax rate FY 2021 is 31%); and ii) the tax rate applied over the conversion effect in the deferred tax calculation for separate financial statements of the Branches.

Economic Growth Law - (Tax Reform)

In December 2018, the Tax Law in Colombia was modified through Law 1943 gradually reducing the income tax rate and gradually reducing the rate for the settlement of the presumptive income until its elimination as of 2021, among other reforms.

Given the unenforceability of Law 1943 as of January 1 2020, the National Government issued on December 27 2019, Law 2010, or Economic Growth Law, which gathers in-favor provisions contained in Law 1943 of 2018 and were considered essential for the economic growth and the competitiveness in the country; likewise it introduces some modifications. Below, some of the relevant aspects:

- The tax rates approved remain unchanged and are as follows; 2020 is 32%, for 2021 is 31%, and as of 2022 the rate will be 30%.

- The Economic Growth Law for purposes of calculating the income tax under the presumptive income regime continues gradually dismantling the 0.5% rate for 2020, and 0% as of 2021 and subsequent years.

- 100% of the taxes, rates and contributions effectively paid in the taxable year that have causal relationship with the income generation remain deductible (except income tax); 50% of the financial transaction tax (“GMF” Acronym in Spanish) will be deductible, regardless of whether or not it has a causal relationship with the income generating activity.

- 50% of the Industry and Commerce Tax, may be treated as tax credit for the income tax of the taxable year in which it is effectively paid off, and to the extent that it bears causality relationship with its economic activity. As of 2022, 100% deducted.

- The following remain as tax discounts (i) VAT paid for the import, development, construction or acquisition of productive real fixed assets including the services necessary for their construction and startup; this discount shall only be used by those responsible for sales tax, (ii) the Industry and Commerce Tax in the terms described in the section above.

- Regarding the dividends tax, the following modifications were introduced:

- 10% increase for the withholding at source rate on untaxed dividends, decreed for the benefit of foreign partnerships and entities, non-resident natural persons and permanent establishments.

- There was a modification for the table applicable to nontaxable dividends decreed in benefit of natural persons resident of the country and illiquid successions of taxpayers residing in the country, disponing a marginal rate of 10% for dividends that exceed 300 Tax Value Units ("UVT" Acronym in Spanish).

- It was ordered that the tax on levied dividends shall be determined: (i) applying the income rate that corresponds to the year in which they are decreed (33% for 2019; 32% for 2020, 31% for 2021; and 30% for 2022) and (ii) regarding the surplus, the applicable rate will be the one that corresponds to the untaxed dividend, depending on the beneficiary (if it is a resident natural person or illiquid succession of resident cause the table will apply and for the other cases the 7.5% rate shall apply).

- The regime for withholding at source on dividends decreed for the first time to national companies remains in force, and it will be transferable up to the final beneficiary resident natural person or investor residing abroad with the 7.5% rate.

- The dividends decreed with charge to profit of years 2016 and earlier, will maintain their current treatment for such moment; and those corresponding to profit for years 2017, 2018 and 2019 decreed as of 2020 will be governed by the rates provided in Law 2010.

- The Economic Growth Law specifies that taxpayers may opt for the works for taxes mechanism, as a means to extinguish the tax obligation, provided in Article 238, Law 1819 of 2016, or for the direct investment agreement set forth in Article 800- 1 of the Tax Law.

- The Economic Growth Law establishes that the firm term for the income tax returns of the taxpayers that determine or compensate for fiscal losses or that are subject to the transfer prices regime, shall be five (5) years as of the income tax return.

- The correction term for taxpayers that submit corrections that increase the tax or reduce the credit balance, is modified taking into account that the term the taxpayer had to voluntarily correct their tax returns was two (2) years, with the Growth Law, such term is modified and it is unified with the general term of the returns' firm fixing it in three (3) years.

The audit benefit for income tax returns corresponding to taxable years 2020 and 2021 is extended, for which the increase of the net income tax compared to the preceding year is required so that the return becomes final in six months (30%) or twelve months (20%), as provided in Law 1943 of 2018 for the statements of taxable years 2019 and 2020. It specifies that the provisions of Law 1943 of 2018, regarding the audit benefit, shall take the effects therein provided for taxpayers that have invoked the audit benefit for taxable year 2019

12. Cash and cash equivalents

The following table provides a detail of Cash and cash equivalents as reported at the end of the period in the combined interim statement of financial position:

Thousands	**March 31, 2021**	**December 31, 2020**
Cash	57	54
Bank Accounts		
BBVA bank accounts	4,568	1,424
JP Morgan bank accounts	1,442	2,444
Share in joint arrangements (1)	247	258
Total Cash and cash equivalents	**6,314**	**4,180**

(1) Corresponds to the interest of the Group in the bank accounts of the joint arrangements.

The exposure of the Group to credit risk and the sensitivity analysis for financial assets and liabilities is disclosed in Note 13.

Non-cash transactions

There are not acquisitions of assets under finance leases (rights of use assets) in the three months period of 2021. The transactions for the three months period of 2020 by $3,970 have not involved the use of cash and cash equivalents. See note 18.

13. Financial instruments

Financial risk management:

The Group manages the inherent risks to the funding of the typical activities related to its corporate purpose, as well as those derived from the collocation of the liquidity surpluses and treasury operations with the Parent Company. The Group does not use financial derivatives with speculative purposes.

Among the evaluated risks are the following:

Credit Risk

The credit risk is the financial loss risk that the Group could face if a client or counterparty, of a financial instrument, does not meet with its contractual obligations. The main accounts are cash, accounts receivables and investments.

Cash: These amounts are kept in banks and financial institutions, ranked as AAA according to Fitch Ratings Colombia and Feller Rate credit rating agencies.

Trade receivable and other receivables: The main customer of the Group for 2021 and 2020 was Ecopetrol (100% of total receivables), which is the National Colombian Oil Company. The payment terms established in the Trade Contract are normally and timely meet. Thus, the credit risk is low for the Group sales. The other accounts receivable that are generated correspond to sales of goods and services to our suppliers and contractors, which are deducted from the trade payable payments' the Group makes, reason why there is no credit risk in these transactions either.

Investment instruments: The investments activities of the Group are maintained in trust accounts managed by an authorized fiduciary entity in Colombia, the portfolio investments are maintained in titles issues by entities ranked with AAA. There is an investment committee formed by Trust entity representatives, the Group, and partners of the joint venture to whom the investment belongs, and the investments are made based on the approval received from the mentioned Committee. The Group does not expect any of its counterparties fails to fulfill its obligations.

The maximum exposure to credit risk for financial assets at the date of the balance was:

		Net Value	
	Note	**March 31, 2021**	**December 31, 2020**
Cash and cash equivalents	12	6,314	4,180
Trade accounts receivable	14	52,872	23,236
Loans to employees	14	279	306
Receivables - Joint arrangements	15	9,481	8,269
Other receivables	14	3,423	27,904
Non-current other assets receivables	14	382	498
Financial assets	19	42,628	46,751
Total		**115,379**	**111,144**

Liquidity Risk

The liquidity risk is the risk of the Group having difficulties to comply with the obligations associated with its financial liabilities that are settled through the delivery of cash or other financial assets. The approach of the Group to manage liquidity is to assure, to the greatest extent possible, that it will always be liquid enough to meet its obligations at expiration, both in normal and stressed conditions, without incurring in unacceptable losses or risking the reputation of the Group.

All the activities of the Group, for being a subsidiary of a foreign company, are directly financed by their Parent Company, and the Group does not require local financing for the development of its activities.

The following are the contractual maturities of the financial liabilities at the end of the reporting period:

	March 31, 2021	0 - 1 year	1 - 3 year	Dec 31, 2020	0 - 1 year	1 - 3 year	+3 years
Trade payables liabilities	17,769	17,769	-	17,086	17,086	-	-
Joint arrangements payables	8,404	8,404	-	4,545	4,545	-	-
Lease liabilities	4,943	4,943		5,134	5,399	-	-
Guarantee withholding	5,152	5,152	-	5,317	5,317	-	-
Goods and services received	42,846	42,846	-	33,470	33,470	-	
Non-current lease liability	6,428	-	6,428	7,577	-	7,228	520
Non-current guarantee withholding	2,753	-	2,753	3,005	-	3,103	217
Total	**88,295**	**79,114**	**9,181**	**76,134**	**65,817**	**10,331**	**737**

Market risk:

The market risk is the risk arising from the changes in the market prices, e.g. exchange rates and oil prices, affecting the net profit of the Group. The goal of market risk management is to handle and control the exposure to this risk within reasonable parameters and optimizing profitability at the same time.

The Group sells 99% of its production in US dollars at a price which is determined based on the Brent oil price. Daily monitoring of the market has allowed determining an inverse correlation between the exchange rate and the oil price, being a natural coverage that has allowed controlling the risk and keeping it within reasonable parameters. The Group's Management permanently monitors such coverage with the purpose of making the control adjustments that are deemed necessary.

Currency risk:

The Group is exposed to currency risk in the sales and purchases denominated in a currency different from the Group's functional currency, mainly the Colombian peso (COP). With respect to the other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to assure that its net exposure is maintained at an acceptable level.

Interest rate risk

At the end of the reporting period, the interest rates of the Group's financial instruments is as follows:

Portfolio	Interest Rate Average		Balance	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Trust Accounts				
Bogotá pension	8.21%	8.18%	18,950	20,658
Cravo Norte pension	8.29%	8.09%	5,556	6,068
Cravo Norte abandonment	7.11%	7.43%	12,223	13,640
LCI abandonment	7.05%	7.49%	5,900	6,385
Financial instruments at fair value through profit or loss			**42,629**	**46,751**

At the end of the reporting period, the interest rate of the Group's financial liabilities is as follows:

Concept	Interest Rate Average		Balance	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Lease liability	3.08%	3.08%	11,371	12,711
Amortized Cost Lease Liability			**11,371**	**12,711**

Cash flow sensitivity analysis for variable rate instruments

A change of five hundred (500) basis points in the interest rates at the reporting date would have increased (reduced) the result of the amounts showed in the table below. This analysis assumes that all the other variables, particularly the exchange type, remain constant. Such analysis is made with the same base as 2020.

If it had increased in 5%:

Portfolio	Average Interest Rate		Balance		Average Interest Rate		Balance		Interest Rate Variance	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Trust Accounts										
Bogotá pension	8.21%	5.10%	18,950	16,993	13.21%	10.10%	19,826	17,802	876	809
Cravo Norte pension	8.29%	5.16%	5,556	5,851	13.29%	10.16%	5,811	6,129	256	278
Cravo Norte abandonment	7.11%	4.97%	12,223	9,482	12.11%	9.97%	12,794	9,934	571	452
LCI abandonment	7.05%	4.75%	5,900	4,659	12.05%	9.75%	6,176	4,881	276	222
Financial instruments at fair value through profit or loss			**42,629**	**36,985**			**44,607**	**38,746**	**1,979**	**1,761**

If it had decreased in 5%:

Portfolio	Average Interest Rate		Balance		Average Interest Rate		Balance		Interest Rate Variance	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Trust Accounts										
Bogotá pension	8.21%	5.10%	18,950	16,993	3.21%	0.10%	18,074	16,185	(876)	(808)
Cravo Norte pension	8.29%	5.16%	5,556	5,851	3.29%	0.16%	5,299	5,573	(256)	(278)
Cravo Norte abandonment	7.11%	4.97%	12,223	9,482	2.11%	-0.03%	11,652	9,030	(571)	(452)
LCI abandonment	7.05%	4.75%	5,900	4,659	2.05%	-0.25%	5,624	4,436	(276)	(223)
Financial instruments at fair value through profit or loss			**42,629**	**36,985**			**40,649**	**35,224**	**(1,979)**	**(1,761)**

The sensitivity analysis shows that income would increase with a five hundred (500) basis points increment in the interest rate in $1,979 and $1,761for the three months period ended in March 31,2021 and 2020, respectively. On the other hand, it would be reduced with a five hundred (500) basis points reduction of the interest rate in $1,979 and $1,761 for the three months period ended in March 31 2021 and 2020, respectively.

Cash flow sensitivity analysis for variable rate financial liabilities

Lease liabilities are calculated using the incremental rate defined by Parent Company based on its debt.

For the three month period ended March 31, 2021 and 2020, the 5-year average rate, which was the maximum term used in this kind of lease, was of 3.08%, which generates a variation of 0.86% with respect to the average rate of recognized leases during the quarter of 3.94%, which is why the Group uses such variation in the sensitivity analysis of financial liabilities.

For the three month period ended March 31, 2021 and 2020, the 5-year average rate, which was the minimum term used in this kind of lease, was of 3.08%, which generates a variation of 0.86% with respect to the average rate of recognized leases during the quarter of 2.22%, which is why we will use such variation in the sensitivity analysis of financial liabilities.

If it had increased in 0.86%:

	Interest Rate Average		Balance		Interest Rate Average		Balance		Interest Rate Variance	
	March 31, 2021	Dec 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Lease liability	3.08%	3.08%	11,371	22,337	3.94%	3.94%	11,466	22,523	95	186
Amortized Cost Lease Liability			**11,371**	**22,337**			**11,466**	**22,523**	**95**	**186**

If it had decreased in 0.86%:

	Interest Rate Average		Balance		Interest Rate Average		Balance		Interest Rate Variance	
	March 31, 2021	March 31, 2020	March 31st, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Lease liability	3.08%	3.08%	11,371	22,337	2.22%	2.22%	11,276	12,605	(95)	(185)
Amortized Cost Lease Liability			**11,371**	**22,337**			**11,276**	**12,605**	**(95)**	**(186)**

The sensitivity analysis shows that results would be higher with a 0.86% increase of the interest type in $95 and $186 for the three months period ended in March 31, 2021 and 2020. On the other hand, it would decrease with a 0.86% interest type reduction in $95 and $186 for the three months period ended in March 31, 2021 and 2020.

Classifications and fair value

The fair values of the financial assets and liabilities do not differ significantly from the book values shown in the combined interim statement of financial position, as detailed below:

As of March 31, 2021

Financial Instrument	Note	Financial instruments to fair value through profit or loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Book Value	Fair Value Level
Cash and cash equivalents	12	-	6,314	-	6,314	(1)
Trade account receivables	14	-	66,055	-	66,055	(1)
Other assets receivables	14	-	382	-	382	(1)
Financial assets	19	42,628		-	42,628	Level 2
Financial Assets		**42,628**	**72,751**	**-**	**115,379**	
Trade account payables	20	-	-	74,171	74,171	(1)
Lease liabilities	22	-	-	4,943	4,943	(1)
Non-current trade account payables	20	-	-	2,753	2,753	(1)
Non-current lease liabilities	22	-	-	6,428	6,428	(1)
Financial Liabilities		**-**	**-**	**88,295**	**88,295**	

(1) It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

As of December 31, 2020

Financial Instrument	Note	Financial instruments to fair value through profit or loss	Financial Assets at Amortized Cost	Financial Liabilities at Amortized Cost	Book Value	Fair Value Level
Cash and cash equivalents	12	-	4,180	-	4,180	(1)
Trade account receivables	14	-	59,715	-	59,715	(1)
Other assets	14	-	498	-	498	(1)
Financial assets	19	46,751	-	-	46,751	Level 2
Financial Assets		**46,751**	**64,393**	**-**	**111,144**	
Trade account payables	20	-	-	60,418	60,418	(1)
Lease liabilities	22	-	-	5,134	5,134	(1)
Non-current trade account payables	20	-	-	3,005	3,005	(1)
Non-current lease liabilities	22	-	-	7,577	7,577	(1)
Financial Liabilities		**-**	**-**	**76,134**	**76,134**	

(1) It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

The fair value of the financial assets and liabilities measured at amortized cost on March 31, 2021 and December 31, 2020, approximates the book value.

The fair value hierarchy of financial assets measured at fair value with income changes is revealed in Note 19.

14. Trade accounts receivable

The following table provides a detail of trade accounts receivable at the end of March 31, 2021 and December 31, 2020 in the combined interim financial position statement:

Thousands	March 31, 2021	December 31, 2020
Trade account receivables (1)	52,872	23,236
Loans to employees	279	306
Receivables – Joint arrangements (Note 15)	9,481	8,269
Other receivables (2)	3,423	27,904
Total trade accounts receivables	**66,055**	**59,715**

(1) Trade receivable balance at March 31, 2021 includes the sales made to Ecopetrol in March to be collected in April.

(2) Other receivables include:

Thousands	March 31, 2021	December 31, 2020
SierraCol Energy (the Parent) (1)	-	26,802
Ecopetrol	595	595
Cenit	394	350
Vendor advances	1,332	-
Others	1,102	157
Total other receivables	**3,423**	**27,904**

(1) On January 2021 the amount associated with the dividend tax withholding was paid and funds were received from the Parent Company.

The following is the detail of the carrying amount of the Non-current other assets:

Thousands	March 31, 2021	December 31, 2020
Employees loans non-current	382	498
Non-current other assets receivables	**382**	**498**

The Group gives loans for its employees for housing, free investment, and vehicles, of which it only charges interest on housing loans at a rate of 0.25% per annum. The balance of the loans is measured at the current value of the estimated future cash flows, applying the market interest rate as a discount rate, for which the Group takes the rate certified by the fund of employees or by other mutual funds for investment loans or housing, at the date of the loan completion, taking into account that employees have an easy access to loans granted by such funds, which constitutes a similar source and additional loans. The difference generated between the rates used for the calculation of the net present value and those actually charged are recorded as an employee benefit expenditure as unearned interests.

15. Joint operations receivable

The association, collaboration, and E&P contracts description in which the Group has interests were disclosed in Note 1.

Following table provides a detail of Joint operations receivables at the end of the period in the combined interim financial position statement:

Thousands	**March 31, 2021**	**December 31, 2020**
Receivable	**9,481**	**8,269**
Ecopetrol	9,481	8,167
Perenco	-	102
Payable	**8,404**	**4,545**
Ecopetrol	6,604	3,621
Amerisur	1,789	924
Perenco	11	-
Total joint operation receivable, net	**1,077**	**3,724**

On a monthly basis, the Branches send to the partners in the Joint arrangements the cash call requests. Within the first five days of the following month, the requested funds are received from the partners and at the end of each month the settlement of the accounts is informed to the partners.

16. Inventories

Following table provides a detail of Inventories as of March 31,2021 and December 31, 2020 in the combined interim statement of financial position:

Thousands	**March 31, 2021**	**December 31, 2020**
Oil inventory (1)	9,727	9,816
Materials and supplies stock	24,428	27,423
Total inventories	**34,155**	**37,239**

(1) The variance in the balances of inventory of $89 in March 2021 is presented as inventory variance in note 5. (March,2020 - $9,876).

17. Other current assets

Following table provides a detail of other current assets as of March 31,2021 and December 31, 2020 in the combined interim statement of financial position:

Thousands	**March 31, 2021**	**December 31, 2020**
Insurances	170	162
Other prepaids (1)	7,159	393
VAT and Industry and Commerce Tax (ICA) receivable	84	89
Total other current assets	**7,413**	**644**

(1) In the first quarter of 2021, prepaid expenses were paid to SBS Seguros (insurance company) and Landmark (software licenses) for a total of $8,202, which started to be amortized, leaving a balance of $7,159. This amount relates to the insurance program of the Branches which terms have been changed as a result of the transaction between OPC and Carlyle. For 2020, insurance program was in accordance with OPC policies.

18. Property, plant, and equipment

Following table provides a detail of Property, plant, and equipment as of March 31,2021 and December 31, 2020 in the combined interim statement of financial position:

Thousands	**March 31, 2021**	**December 31, 2020**
Acquisition cost	4,314,662	4,298,136
Depletion, depreciation, and amortization -DD&A	(2,911,590)	(2,869,170)
Impairment	(142,995)	(142,995)
Total property, plant, and equipment	**1,260,077**	**1,285,971**

The following is the detail of property, plant and equipment, net depreciation, and amortization:

	March 31, 2021				**December 31, 2020**			
Thousands	**Cost**	**DD&A**	**Impairment**	**Total**	**Cost**	**DD&A**	**Impairment**	**Total**
Lands	4,870	-	-	4,870	**4,870**	**-**	**-**	**4,870**
Buildings	44,667	(39,372)	-	5,295	44,614	(39,283)	-	5,331
Machinery	6,269	(5,167)	-	1,102	6,269	(5,165)	-	1,104
Spare parts and materials oil projects	26,930	-	(11,318)	15,612	26,930	-	(11,318)	15,612
Vehicles	7,381	(5,710)	-	1,671	7,381	(5,562)	-	1,819
Office equipment	23,161	(10,230)	-	12,931	23,126	(10,178)	-	12,948
Computers and communication equipment	36,776	(32,080)	-	4,696	36,776	(31,602)	-	5,174
Depreciable Assets	**145,184**	**(92,559)**	**(11,318)**	**41,307**	**145,096**	**(91,790)**	**(11,318)**	**41,988**
Tangible exploration assets – construction in progress	9,744	-	-	9,744	9,368	-	-	9,368
Oil Pipeline PP&E	15,503	(13,890)	-	1,613	15,503	(13,890)	-	1,613
Development Assets - construction in progress (1)	64,275	-	-	64,275	58,609	-	-	58,609
Development Assets – PP&E	3,723,740	(2,590,019)	(131,677)	1,002,044	3,714,182	(2,549,739)	(131,677)	1,032,766
Other PP&E	312,589	(187,311)	-	125,278	311,751	(187,311)	-	124,440
Rights of use	38,757	(27,811)	-	10,946	38,757	(26,440)	-	12,317
Amortizable Assets	**4,164,608**	**(2,819,031)**	**(131,677)**	**1,213,900**	**4,148,170**	**(2,777,380)**	**(131,677)**	**1,239,113**
Total of property, plant, and equipment	**4,314,662**	**(2,911,590)**	**(142,995)**	**1,260,077**	**4,298,136**	**(2,869,170)**	**(142,995)**	**1,285,971**

(1) The Group applies the successful efforts method in the recognition of the exploration and evaluation asset, which consists in capitalizing the value of the asset (well) as development and exploitation asset once it is finished if the well turns out successful, or it is taken to expenditures if it is not successful.

The movement of the property, plant and equipment cost is detailed below:

Thousands	Land	Buildings	Equipment	Spare parts and materials oil projects	Vehicles	Office equipment	Computers and communication equipment	Tangible exploration assets – construction in progress	Oil Pipeline PP&E	Development Assets - construction in progress	Development Assets – PP&E	Other PP&E (1)	Rights of use	**Total**
January 1, 2020 balance	**4,870**	**44,498**	**6,269**	**33,593**	**7,372**	**23,192**	**35,867**	**28,083**	**15,503**	**47,086**	**3,670,271**	**257,543**	**43,355**	**4,217,502**
Additions	-	-	-	-	-	-	-	-	-	28,944	-	1,815	-	30,759
Transfers	-	92	-	-	1	(44)	7	61	-	(9,427)	9,310	-	-	-
Right of use additions	-	-	-	-	-	-	-	-	-	-	-	-	3,970	3,970
Right of use cancellations (2)	-	-	-	-	-	-	-	-	-	-	-	-	(5,805)	(5,805)
March 31, 2020 balance	**4,870**	**44,590**	**6,269**	**33,593**	**7,373**	**23,148**	**35,874**	**28,144**	**15,503**	**66,603**	**3,679,581**	**259,358**	**41,520**	**4,246,426**

Thousands	Land	Buildings	Equipment	Spare parts and materials oil projects	Vehicles	Office equipment	Computers and communication equipment	Tangible exploration assets – construction in progress	Oil Pipeline PP&E	Development Assets - construction in progress	Development Assets – PP&E	Other PP&E (1)	Rights of use	**Total**
January 1, 2021 balance	4,870	44,614	6,269	26,930	7,381	23,126	36,776	9,368	15,503	58,609	3,714,182	311,751	38,757	4,298,136
Additions	-	-	-	-	-	-	-	-	-	15,688	-	838	-	16,526
Transfers	-	53	-	-	-	35	-	376	-	(10,022)	9,558	-	-	-
March 31, 2021 balance	**4,870**	**44,667**	**6,269**	**26,930**	**7,381**	**23,161**	**36,776**	**9,744**	**15,503**	**64,275**	**3,723,740**	**312,589**	**38,757**	**4,314,662**

(1) Within this category, the Branches recognize the Asset Retirement Obligation (ARO). There are no additions during the three months periods ended as at March 31, 2021 and 2020.
(2) Corresponds to the cancellation of the contracts of electric-submersible pumps with Baker Hughes de Colombia, Alkhorayef Petroleum Colombia, and Schlumberger Surenco S.A. during the year in response to the COVID-19 pandemic and decrease of crude´s price.

Following table includes the details of the right of use:

Thousands	Buildings	Equipment	Vehicles	Total
January 1, 2020 balance	**4,061**	**36,592**	**2,702**	**43,355**
Additions	-	3,970	-	3,970
Cancelations	-	(5,805)	-	(5,805)
March 31st, 2020 balance	**4,061**	**34,757**	**2,702**	**41,520**
January 1, 2021 balance	**4,061**	**31,983**	**2,713**	**38,757**
Additions	-	-	-	**-**
Cancelations	-	-	-	**-**
March 31, 2021 balance	**4,061**	**31,983**	**2,711**	**38,757**

The movement of the accumulated depreciation and amortization is detailed below:

Thousands	Buildings	Equipment	Vehicles	Office equipment	Computers and communication equipment	Oil Pipeline PP&E	Development Assets – PP&E	Other PP&E	Rights of use	**Total**
January 1, 2020 balance	**(38,926)**	**(5,156)**	**(4,956)**	**(9,968)**	**(29,636)**	**(13,890)**	**(2,363,546)**	**(15,906)**	**(187,203)**	**(2,669,187)**
Depreciation	(283)	(26)	(131)	(81)	(573)	-	-	-	-	(1,094)
Amortization	-	-	-	-	-	-	(49,357)	-	(1,046)	(50,403)
Amortization of Right of use	-	-	-	-	-	-	-	(3,068)	-	(3,068)
March 31st, 2020 balance	**(39,209)**	**(5,182)**	**(5,087)**	**(10,049)**	**(30,209)**	**(13,890)**	**(2,412,903)**	**(18,974)**	**(188,249)**	**(2,723,752)**

Thousands	Buildings	Equipment	Vehicles	Office equipment	Computers and communication equipment	Oil Pipeline PP&E	Development Assets – PP&E	Other PP&E	Rights of use	**Total**
January 1, 2020 balance	**(39,283)**	**(5,165)**	**(5,562)**	**(10,178)**	**(31,602)**	**(13,890)**	**(2,549,739)**	**(26,440)**	**(187,311)**	**(2,869,170)**
Depreciation	(89)	(2)	(148)	(52)	(478)	-	-	-	-	(769)
Amortization	-	-	-	-	-	-	(40,280)	-	-	(40,280)
Amortization of Right of use	-	-	-	-	-	-	-	(1,371)	-	(1,371)
March 31, 2021 balance	**(39,372)**	**(5,167)**	**(5,710)**	**(10,230)**	**(32,080)**	**(13,890)**	**(2,590,019)**	**(27,811)**	**(187,311)**	**(2,911,590)**

Following table includes the details of the right of use:

Thousands	Buildings	Equipment	Vehicles	Total
January 1, 2020 balance	**(814)**	**(13,176)**	**(1,916)**	**(15,906)**
Amortization	(196)	(2,393)	(479)	(3,068)
March 31st, 2021 balance	**(1,010)**	**(15,569)**	**(2,395)**	**(18,974)**

Thousands	Buildings	Equipment	Vehicles	Total
January 1, 2020 balance	**(1,663)**	**(22,065)**	**(2,712)**	**(26,440)**
Amortization	(193)	(1,178)	-	**(1,371)**
March 31st, 2021 balance	**(1,856)**	**(23,243)**	**(2,712)**	**(27,811)**

Below is the gross value of the totally depreciated assets currently in use:

Thousands	**March 31, 2021**	**December 31, 2020**
Computers and communication equipment	26,891	26,714
Office equipment	19,947	19,947
Buildings	1,809	1,809
Equipment	4,224	4,224
Vehicles	4,908	4,907
TOTAL	**57,779**	**57,601**

Impairment:

The Group assesses on each report date if there is a sign that an asset or cash generating unit (CGU) may have external or internal signs of impairment. The recoverable value is always calculated provided that the Group presents impairment signs; and the impairment loss is recognized when the book value exceeds the recoverable value.

The CGUs have been identified as the main areas within which there are groups of producing blocks that share similar characteristics, infrastructure, and cash inflows, which are largely independent from the cash inflows of other groups of assets. The Group has identified the following CGUs:

1. Cravo Norte
2. Rondón
3. Chipirón
4. Cosecha
5. La Cira Infantas
6. Teca-Cocorná

The impairment movement is described below:

Thousands	**Spare parts and materials oil projects**	**PP&E**	**Total**
January 1, 2020	**(5,293)**	**(70,027)**	**(75,320)**
Impairment	-	-	-
March 31, 2020	**(5,293)**	**(70,027)**	**(75,320)**

January 1, 2020 balance	**(11,318)**	**(131,677)**	**(142,995)**
Impairment	-	-	-
March 31, 2021 balance	**(11,318)**	**(131,677)**	**(142,995)**

During the first quarter of 2021 and 2020, there were no impairment triggers identified. At the end of 2020, an impairment analysis was carried out through the evaluation of internal and external sources of information, where it was identified that the negative change in the estimate of the balance of oil reserves was the factor affecting the recoverable value of the Teca-Cocorná´s CGU. Consequently, an impairment adjustment was recognized as at December 31, 2020.

19. Financial assets

Following table provides a detail of Financial assets as of March 31, 2021 and December 31, 2020 in the combined interim statement of financial position:

Portfolio	Average Interest Rate		Balance	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Trust Accounts				
Bogotá pension	8.21%	8.18%	18,950	20,658
Cravo Norte pension	8.29%	8.09%	5,555	6,068
Cravo Norte abandonment	7.11%	7.43%	12,223	13,640
LCI abandonment	7.05%	7.49%	5,900	6,385
Financial instruments at fair value through profit or loss			**42,628**	**46,751**

These assets correspond to the participation of the Group in the funds kept for the joint operations of Cravo Norte, Bogota Office and LCI, with non-specific destination for the payment of liabilities for Pensions and Abandonment, which are managed by Fiduprevisora S.A. and they are represented in investment of bonds of the manufacturing sector, bonds of entities supervised by the Superintendency of Financial Entities in Colombia, Term Deposit Certificates, TES, other in debt securities and savings accounts. Their valuation is done at market value (level 2) which is informed by the Trust (Fiduprevisora) taking into account the hierarchy of the fair value that gives higher priority to the prices quoted in asset markets and lower priority to the non-observable data entry.

20. Trade accounts payable

Following table provides a detail of trade accounts payable as of March 31, 2021 and December 31, 2020 in the combined interim statement of financial position:

Thousands	March 31, 2021	December 31, 2020
Suppliers	17,769	17,086
Joint operations payable (note 15)	8,404	4,545
Guarantee withholding (1)	5,152	5,317
Goods and services received (2)	42,846	33,470
Total Trade accounts payables	**74,171**	**60,418**

(1) Some contracts with vendors allow the Branches to withhold a portion of the total amount to guarantee full compliance with the performance obligations of the vendors. The Branches classify as current portion of this liability, the amount to be reimbursed to the vendors during the twelve months period following the reporting date, in those cases in which the vendors have complied with the provisions of the contracts. These withholdings are subjected to refund once the contract with the vendor is terminated.

(2) Activity increase related to reactivation of development program in Q1-2021. Includes rig initial mobilization to “Llanos Norte”, drilling of new wells, downhole jobs and construction of line of 12 inches in “Cosecha”.

The following is the detail of the book value of the trade payable and other non-current accounts payable:

Thousands	March 31, 2021	December 31, 2020
Guarantee withholding non-current	2,753	3,005
Total Guarantee withholding non-current	**2,753**	**3,005**

The guarantee withholdings are measured at amortized cost and correspond to contractual values deducted from payments to contractors, which will be reimbursed once the contract is satisfactorily completed, prior compliance with the clauses for their reimbursement.

21. Income tax receivable and payable

Income tax receivable and payable as of March 31, 2021 and December 31, 2020 in the combined interim statement of financial position:

Thousands	**March 31, 2021**	**December 31, 2020**
Current tax receivable	6,987	10,213
Current tax assets	**6,987**	**10,213**
Current tax liabilities	30,609	19,163
Current tax liabilities	**30,609**	**19,163**

For March 31, 2021 and December 31, 2020, the asset balance to be recovered corresponds to income taxes for Andina, liability balance to be paid corresponds to income taxes for Arauca.

22. Lease liabilities

Following table provides a detail of Lease liabilities as of March 31, 2021 and December 31, 2020 in the combined interim statement of financial position:

	March 31, 2021	**December 31, 2020**
Current lease liabilities	4,943	5,134
Non-current lease liabilities	6,428	7,577
Lease Liabilities	**11,371**	**12,711**

For further information regarding the exposure of the Group to interest rates, foreign currencies, and liquidity risk, see Note 15.

The following is the additional information about the Group's lease liabilities:

Age	**Future minimum lease payments**		**Interest**		**Present value of future minimum lease payments**	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
0-1 years	5,134	5,399	191	265	4,943	5,134
1-5 years	7,523	7,748	1,095	171	6,428	7,577
Total	**12,657**	**13,147**	**1,286**	**436**	**11,371**	**12,711**

Reconciliation between the changes in liabilities and cash flows that arise from financing activities:

Lease obligations	March 31, 2021	March 31, 2020
Initial balance	12,711	25,694
Changes for financing cash flows		
Lease liabilities payment	(1,340)	(3,299)
Other changes		
Related to liabilities		
New leases	-	3,970
Terminated leases	-	(3,911)
Interest expenditure	84	161
Paid interests	(84)	(161)
Other	-	(117)
Final balance	**11,371**	**22,337**

23. Employee benefits

The balance for employee benefits comprises:

Thousands	March 31, 2021	December 31, 2020
Salaries payable	4,005	2,824
Contribution payable	551	794
Employees funds contribution payables	16	16
Other payroll liabilities	225	237
Severances	175	365
Severances interest	6	40
Accrued vacations	2,028	2,053
Extra-legal benefits	386	211
Pensions (1)	7,314	7,962
Bonus	1,323	3,480
Total employee benefits	**16,029**	**17,982**

The balance for non-current employee benefits comprises:

Thousands	March 31, 2021	December 31, 2020
Pensions (1)	18,852	20,514
Severance	197	214
Total non-current employee benefits	**19,049**	**20,728**

(1) The Group makes the contributions in accordance with its share in each one of the associations the defined benefits plan for the 58 employees who have obtained a pension. The plan includes the payment of between thirteen (13) and fourteen (14) pension allowances per year. In addition, those pensioned receive pre-paid medicine benefits, educational aid, and contributions to the fund of employees “Fedeoxy”.

The aid of the mandatory health care plan is also covered for some of the pensioned.

The following is the movement of the pension liability:

Thousands	**March 31, 2021**	**March 31, 2020**
Beginning balance	28,476	34,178
Interest cost	374	446
Payments	(370)	(868)
Revaluation	(2,314)	(6,610)
Ending balances	**26,166**	**27,146**

The following is the summary of the main economic assumptions used in the last Actuarial Study for Pensions:

Case	**December 31, 2020**
Discount rate	6.75%
Expected Return Rate	Not applicable
Salary Increase	3.00% year
Social Security Increase	3.00%
Cost of Living Increase	3.00%
Expenses	None

The following is the summary of the main demographic hypothesis used in the Actuarial Study for Pensions:

Case	**Actuarial Calculation 2020 and 2019**
Mortality	Colombian Mortality Table RV2008
Disability	None
Rotation	Rotation Table SOA 2003 It was assumed there are no contract terminations without just cause.
Retirement Age	62 for men and 57 for women

24. Other current liabilities

Following table provides a detail of other current liabilities as of March 31, 2021 and December 31, 2020 in the combined interim statement of financial position:

Thousands	**March 31, 2021**	**December 31, 2020**
Income tax withholdings	3,516	29,968
IVA tax withholdings	534	767
ICA tax withholdings	292	376
Value added tax	11,862	15,745
Carbon tax	192	212
Total other current liabilities	**16,396**	**47,068**

25. Provision

The Group provision and contingencies balance includes the Cravo Norte and LCI abandonment liability and legal proceedings resulting from the execution of the joint operation, as summarizes below:

	Abandonment Liability (1)	Other provision (3)	Non-current liabilities
January 1, 2020 balance	**91,160**	**2,820**	**93,980**
Additions	-	-	-
Accretion	1,009	-	1,009
Used	(825)	(401)	(1,226)
Other (2)	3,146	-	3,146
March 31, 2020 balance	**94,490**	**2,419**	**96,909**
January 1, 2021 balance	**128,883**	**559**	**129,442**
Additions	-	-	-
Accretion	1,408	-	1,408
Used	(27)	(46)	(73)
Other (2)	1,286	-	1,286
March 31, 2021 balance	**131,550**	**513**	**132,063**

(1) The asset retirement obligation represents the current value of abandonment costs related to oil and gas properties, facilities and wells. The abandonment costs are estimated based on the net share of the Group over the ownership of wells, facilities, and the estimated costs to restore and abandon the wells and facilities in future years.

(2) Corresponds to the revaluation of some provisions denominated in COP.

(3) Other provision balance includes the probable contingency associated with the legal claim interposed by Ingenieria Dinámica third party.

A summary of the legal process handled by the company is included below:

Thousands	March 31, 2021			December 31, 2020		
Nature of the Procedures	**Number**		**Claims Amount**	**Number**		**Claims Amount**
Civil	4	$	435	4	$	473
Administrative	7		3,054	9		3,325
Administrative (*)	3		(*)	1		(*)
Constitutional	29		(*)	11		(*)
Direct Labor	1		39	-		-
Total		**$**	**3,528**	**25**	**$**	**3,798**

(*) Amount Undetermined

The contingent liability is made up of legal disputes of different nature (civil, administrative, constitutional, and labor) that have been estimated by management considering the advice of the lawyers that take each case, as of possible result. Detailed description is omitted of each of the litigations that compose the contingent liability since their disclosed could affect the position of the Group in the judicial controversies with third parties. Without prejudice of the performed valuation, the Group considers that even in the case of losing the disputes, they would not significantly affect the financial results of the Group.

In terms of the value of the contingent liabilities, they have been identified based on the pretensions of the dispute, the above without prejudice of the final result of the process; and in relation to the resource outflow calendar, the disputes that constitute a contingent liability are in different stages, which is why it is not possible to anticipate the dates for eventual expenditure of resources.

The value of the contingent liabilities disclosed before corresponding to the share percentage of the Group, reason why in the event of an unfavorable decision, there will be no space for reimbursements.

26. Deferred income tax

Deferred income tax as of March 31, 2021 and December 31, 2020 in the combined interim statement of financial position is as follows:

	March 31, 2021	December 31, 2020
Deferred income tax	189,278	180,777
Total deferred tax income	**189,278**	**180,777**

The differences between the book value of the assets and liabilities and their tax basis result in the following temporary differences that generate deferred taxes, calculated and recorded in the periods ending on March 31 2021 and December 31 2020, based on the current tax rates which are taken as benchmark for the years in which such temporary differences will be reverted. The movement of the deferred tax is the following:

Thousands	January 1, 2020 balance	Recognized in income	Exchange difference	March 31, 2020 balance	January 1, 2021 balance	Recognized in income	Exchange difference	March 31, 2021 balance
PP&E	233,357	6,924	(25,302)	214,979	231,569	18,725	(11,403)	238,891
Financial assets	7,652	78	104	7,834	2,477	217,083	(130,232)	89,328
Inventories	1,249	1,569	(10,260)	(7,442)	(7,546)	3,255	(1,501)	(5,792)
Abandonment liability	(8,161)	652	(6,538)	(14,047)	(10,239)	(219,599)	131,481	(98,357)
Employee benefits	(233)	348	(1,957)	(1,842)	(1,893)	483	(879)	(2,289)
Provisions	(26,720)	(712)	1,885	(25,547)	(37,279)	930	805	(35,544)
Others	753	(293)	2,257	2,717	3,355	2,512	(3,274)	2,593
Exchange rate	508	57	(150)	415	366	(295)	377	448
Lease liability	327	106	(433)	-	(33)	(124)	157	-
Total deferred tax income	**208,732**	**8,729**	**(40,394)**	**177,067**	**180,777**	**22,970**	**(14,469)**	**189,278**

The calculation of the deferred tax is being performed on the existing temporary differences with tax basis, taking into account the rates that will be valid on the estimated date in which they will be settled as follows: 32% rate for 2020, 31% for 2021, 30% for 2022 onwards and 10% for real state. Deferred tax assets and liabilities are offset, considering that Group has the right to compensate said values since this is an obligation with Colombian Tax Authority, who allows paying or receiving one sole amount, when settling the situation that generates the temporary difference.

27. Net parent Investment

The movement of additional investment to assigned capital is as follows:

Thousands	**March 31, 2021**	**March 31, 2020**
Initial Balance	**953,917**	**1,180,693**
Debit:		
Oil Crude exports	-	(134,098)
Oil Crude local sales	(166,895)	(95,038)
	(166,895)	**(229,136)**
Credit:		
Funds received from the Parent Company	117,412	120,656
Merchandises and services import	2,007	-
	119,419	**120,656**
Net parent investment decrease	(47,476)	(108,480)
Net profit	25,851	45,185
Other comprehensive income, net	-	-
Ending Balance	**932,292**	**1,117,398**

28. Related Parties

As of March 31st, 2021, and December 31st, 2020, the balances of the of the Group with the related parties are disclosed as part of the Net Parent Investment.

Until December 2020, there were transactions with parties related to Occidental Petroleum Corporation, considering it was the Parent Company until December 18, 2020. Due to the Transaction with the Carlyle Group, the related parties changed, and the transactions generated with them are described below.

	Concept	**Transaction values for the quarter ended 31 March (*)**	
		2021	**2020**
Sale of goods and services			
SierraCol Energy Crude Sales, LLC	Oil crude exports	-	-
Occidental Crude Sales Inc (International)	Oil crude exports	-	105,905
Purchase of goods and services			
From: Occidental Petroleum Company	Administrative surcharge	-	1,447
From: Occidental Petroleum Company	Expense reimbursements	-	885
From: SierraCol Energy Ltd	Management and strategy consulting, and Treasury and Finance Support	49	-
From: SierraCol Energy Ltd	Technical and IT Services (1)	3,393	-
Others			
To Occidental Petroleum Company	Personal expenses	-	(212)

(*) The Group members transactions with their parent companies and related companies, are handling thought the Additional Investment to Assigned Capital account reported as part of the Net parent investment.

(1) Corresponds to the technical and IT services billed by SierraCol Energy Ltd to the Branches including the use of SAP platform as a result of the execution of the Transitional Agreement Services between OPC and SierraCol Energy Ltd.

Thousands	March 31, 2021	December 31, 2020
Other receivables (Note 16)	-	26,802

Transactions with key management personnel

i) Key management personnel compensation is:

	March 31, 2021	March 31, 2020
Salaries and other benefits	1,378	2,243
Non-cash benefits	445	1,168
Contributions to a post-employment's defined benefit plan		252
Total	1,825	3,663

Compensation of the Group's key management personnel includes salaries, non-cash benefits and contributions to a post-employment defined benefit plan.

ii) Key management personnel transactions

The aggregate value of transactions and outstanding balances related to key management personnel as follows:

Transaction	Transaction values for the quarted ended		Balance outstanding as of	
	March 31, 2021	March 31, 2020	March 31, 2021	Dicember 31, 2020
Vehicles loans	3	1	43	46

There are not entities over which key management personnel have control or significant influence.

29. Subsequent Events

As of the approval date of the Group's Combined Interim Financial Statements, the management is not aware of any subsequent event that affect their figures and disclosures.

30. Impacts of COVID-19

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation and that the going concern basis of accounting remains appropriate.

The COVID-19 pandemic and the resulting economic slowdown disrupted global supply and demand for crude oil during 2020. Governments around the world including Colombia enacted emergency measures to combat the spread of the virus, including the implementation of bans, travel, and self-imposed quarantines, which decreased demand and increased oil supply during 2020, situation that is in recovering phase as the worldwide vaccination program is in progress.

The Group's management continues monitoring the worldwide environment to take all decisions in order to protect the cash flow and the continuity of the business, including preserving liquidity and revaluating development projects under current environment.

Although demand recovered throughout the first quarter of the 2021, it did not reach pre-COVID-19 pandemic levels.

31. Financial Statement Approval

The Group's combined interim financial statement and its accompanying notes were approved by the Legal Representative on June 5, 2021.

32. Ultimate and Controlling Parent of the Group

SierraCol Energy Limited (SCE Ltd), which is a company indirectly controlled by The Carlyle Group, is the controlling entity of the Group.

INDEX TO SUMMARIES OF RESERVE REPORTS

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RPS Report A-9
Beicip Report A-14
McDaniel Report A-18

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

This is a digital representation of a DeGolyer and MacNaughton report.

This file is intended to be a manifestation of certain data in the subject report and as such are subject to the same conditions thereof. The information and data contained in this file may be subject to misinterpretation; therefore, the signed and bound copy of this report should be considered the only authoritative source of such information.

DeGolyer and MacNaughton
5001 Spring Valley Road
Suite 800 East
Dallas, Texas 75244

May 24, 2021

SierraCol Energy
Calle 77 A, No. 11-32
Bogotá, D.C., Colombia

Ladies and Gentlemen:

Pursuant to your request, this letter presents a summary of the oil price assumptions and estimates of reserves and revenue presented in our report entitled "Report as of December 31, 2020 on Reserves and Revenue of Certain Fields in the Llanos and Middle Magdalena Valley Basins, Colombia for SierraCol Energy Consolidated Report Escalated Price Case" (our "Report"). Our Report contains our opinion on the reserves and revenue, as of December 31, 2020, of certain properties in Colombia in which SierraCol Energy has represented it holds an interest. The information contained in this letter is subject to the definitions, assumptions, explanations, qualifications, and conclusions described in our Report. Apart from our Report, this letter may be subject to misunderstanding or misinterpretation. Our Report should be relied upon solely as the source of authoritative final results.

Reserves presented in this letter are expressed as company gross reserves and company net reserves. Gross reserves are defined as the total estimated petroleum remaining to be produced from these properties after December 31, 2020. Company gross reserves are defined as that portion of the gross reserves attributable to the evaluated interests before deduction of royalties. Company net reserves are defined as that portion of the gross reserves attributable to the evaluated interests after deducting all interests held by others, including royalties paid in kind. SierraCol Energy has advised that oil royalties for the properties evaluated herein are paid in kind. At the request of SierraCol Energy, the company net reserves reported herein include the interests of minority shareholders not owned by SierraCol Energy.

SierraCol Energy provided forecasts of Brent and West Texas Intermediate (WTI) reference prices, as well as differentials to those reference prices, to be used for our evaluation. As provided by SierraCol Energy, the same price differentials were

applied to all of the fields in each basin. SierraCol Energy has represented that the oil from the fields evaluated in our Report is sold based on the Brent reference price and that the high-price clause (PAP) is calculated based on the WTI reference price for the Llanos Basin fields and based on the net realized price for the Middle Magdalena Valley Basin fields. The forecast reference prices and the net realized oil prices used in our evaluation are shown in the following table, expressed in United States dollars per barrel (U.S.$/bbl):

Year	Brent Reference Oil Price (U.S.$/bbl)	WTI Reference Oil Price (U.S.$/bbl)	Llanos Basin Net Realized Oil Price (U.S.$/bbl)	Middle Magdalena Valley Basin Net Realized Oil Price (U.S.$/bbl)
2021	60.92	58.00	57.52	56.95
2022	61.75	58.00	58.35	57.78
2023	63.30	59.51	59.90	59.33
2024	62.34	60.00	58.94	58.36
2025	62.00	60.33	58.60	58.03
2026 forward	+2.0% per year	+2.0% per year	+2.0% per year	+2.0% per year

Summaries of the company gross and company net proved, probable, and possible oil reserves of the properties evaluated in our Report are shown by field or economic entity in Tables 1 and 2 attached to this letter, respectively. Summaries of future net revenue by field or economic entity for the total proved and proved-plus-probable reserves for the properties evaluated in our report are shown in Tables 3 and 4 attached to this letter, respectively.

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. Our fees were not contingent on the results of our evaluation. This letter has been prepared at the request of SierraCol Energy. DeGolyer and MacNaughton has used all assumptions, procedures, data, and methods that it considers necessary to prepare this letter.

Very truly yours,

DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716

TABLE 1
SUMMARY of COMPANY GROSS OIL RESERVES
as of
DECEMBER 31, 2020
for
CERTAIN FIELDS
in the
LLANOS and MIDDLE MAGDALENA VALLEY BASINS, COLOMBIA
for
SIERRACOL ENERGY

CONSOLIDATED REPORT
ESCALATED PRICE CASE

Basin / Contract Area / Field/Economic Entity	Proved					
	Developed					
	Producing (10^3bbl)	Non-Producing (10^3bbl)	Undeveloped (10^3bbl)	Total (10^3bbl)	Probable (10^3bbl)	Possible (10^3bbl)
Llanos						
Chipirón Association						
Araguato	31.162	0.000	0.000	31.162	12.076	8.580
Bayonero	147.205	0.000	0.000	147.205	62.397	44.928
Chipirón	1,991.327	263.518	0.000	2,254.845	805.700	402.090
Galembo	25.209	0.000	0.000	25.209	8.564	11.531
Jiba	158.066	0.000	0.000	158.066	51.184	16.095
Macana	54.524	0.000	0.000	54.524	18.959	19.793
Total Chipirón Association	**2,407.493**	**263.518**	**0.000**	**2,671.011**	**958.880**	**503.017**
Cravo Norte Association						
Caño Limón	8,662.320	1,641.515	0.000	10,303.835	1,084.137	422.128
Caño Yarumal	1,231.797	354.859	0.000	1,586.656	245.079	137.987
Redondo	252.662	191.634	0.000	444.296	51.883	0.000
Redondo Este	35.976	0.000	0.000	35.976	21.312	8.633
Tonina	0.000	26.028	0.000	26.028	3.302	0.041
Total Cravo Norte Association	**10,182.755**	**2,214.036**	**0.000**	**12,396.791**	**1,405.713**	**568.789**
Cosecha Association						
Canagüey	425.396	160.722	0.000	586.118	399.060	200.464
Cosecha A	0.000	0.000	0.000	0.000	222.269	56.018
Finn	475.485	0.000	321.667	797.152	309.887	498.394
Morrocoy	0.000	105.489	0.000	105.489	121.988	90.632
Rex	52.577	0.000	0.000	52.577	11.246	43.223
Rex NE	7,359.007	179.146	927.299	8,465.452	4,128.700	3,419.151
Terecay	890.178	49.229	0.000	939.407	466.246	625.402
Total Cosecha Association	**9,202.643**	**494.586**	**1,248.966**	**10,946.195**	**5,659.396**	**4,933.284**
Rondón Association						
Caño Rondón	505.128	109.796	0.000	614.924	149.627	77.829
Caricare	809.992	260.051	91.572	1,161.615	121.822	91.301
Total Rondón Association	**1,315.120**	**369.847**	**91.572**	**1,776.539**	**271.449**	**169.130**
Middle Magdalena Valley						
La Cira-Infantas						
La Cira and Infantas – C Sands	40,461.026	2,819.220	5,735.567	49,015.813	6,188.538	4,629.015
La Cira and Infantas – A&B Sands	598.513	299.738	6,607.989	7,506.240	6,012.495	9,172.132
Total La Cira-Infantas	**41,059.539**	**3,118.958**	**12,343.556**	**56,522.053**	**12,201.033**	**13,801.147**
Grand Total	**64,167.550**	**6,460.945**	**13,684.094**	**84,312.589**	**20,496.471**	**19,975.367**

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Oil reserves presented in this table represent oil sales and do not include oil consumption quantities.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

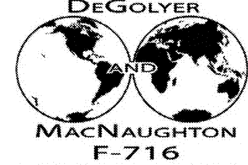

TABLE 2
SUMMARY of COMPANY NET OIL RESERVES
as of
DECEMBER 31, 2020
for
CERTAIN FIELDS
in the
LLANOS and MIDDLE MAGDALENA VALLEY BASINS, COLOMBIA
for
SIERRACOL ENERGY

CONSOLIDATED REPORT
ESCALATED PRICE CASE

Basin	Proved					
Contract Area	Developed					
Field/Economic Entity	Producing (10^3bbl)	Non-Producing (10^3bbl)	Undeveloped (10^3bbl)	Total (10^3bbl)	Probable (10^3bbl)	Possible (10^3bbl)
Llanos						
Chipirón Association						
Araguato	28.668	0.000	0.000	28.668	11.110	7.895
Bayonero	135.430	0.000	0.000	135.430	57.403	41.333
Chipirón	1,832.023	242.438	0.000	2,074.461	741.239	369.925
Galembo	23.192	0.000	0.000	23.192	7.880	10.609
Jiba	145.421	0.000	0.000	145.421	47.089	14.809
Macana	50.161	0.000	0.000	50.161	17.443	18.209
Total Chipirón Association	**2,214.895**	**242.438**	**0.000**	**2,457.333**	**882.164**	**462.780**
Cravo Norte Association						
Caño Limón	7,108.907	1,426.673	0.000	8,535.580	964.101	380.315
Caño Yarumal	1,007.255	314.854	0.000	1,322.109	225.037	130.447
Redondo	203.678	160.557	0.000	364.235	46.314	0.000
Redondo Este	34.177	0.000	0.000	34.177	20.249	8.198
Tonina	0.000	24.729	0.000	24.729	3.135	0.039
Total Cravo Norte Association	**8,354.017**	**1,926.813**	**0.000**	**10,280.830**	**1,258.836**	**518.999**
Cosecha Association						
Canagüey	391.363	147.866	0.000	539.229	367.135	184.427
Cosecha A	0.000	0.000	0.000	0.000	204.487	51.536
Finn	437.446	0.000	295.934	733.380	285.094	458.524
Morrocoy	0.000	97.049	0.000	97.049	112.230	83.381
Rex	48.370	0.000	0.000	48.370	10.346	39.767
Rex NE	6,754.252	164.811	844.629	7,763.692	3,766.284	3,125.521
Terecay	818.964	45.290	0.000	864.254	428.945	575.372
Total Cosecha Association	**8,450.395**	**455.016**	**1,140.563**	**10,045.974**	**5,174.521**	**4,518.528**
Rondón Association						
Caño Rondón	464.717	101.013	0.000	565.730	137.656	71.603
Caricare	745.192	239.247	84.246	1,068.685	112.077	83.996
Total Rondón Association	**1,209.909**	**340.260**	**84.246**	**1,634.415**	**249.733**	**155.599**
Middle Magdalena Valley						
La Cira-Infantas						
La Cira and Infantas – C Sands	36,699.659	2,557.058	5,215.296	44,472.013	5,606.053	4,123.289
La Cira and Infantas – A&B Sands	537.549	269.529	5,956.400	6,763.478	5,454.624	8,261.432
Total La Cira-Infantas	**37,237.208**	**2,826.587**	**11,171.696**	**51,235.491**	**11,060.677**	**12,384.721**
Grand Total	**57,466.424**	**5,791.114**	**12,396.505**	**75,654.043**	**18,625.931**	**18,040.627**

Notes:
1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Oil reserves presented in this table represent oil sales and do not include oil consumption quantities.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

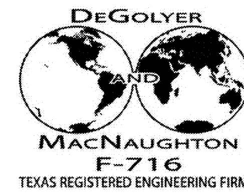

TABLE 3
SUMMARY of FUTURE NET REVENUE from TOTAL PROVED RESERVES
as of
DECEMBER 31, 2020
for
CERTAIN FIELDS
in the
LLANOS and MIDDLE MAGDALENA VALLEY BASINS, COLOMBIA
for
SIERRACOL ENERGY

CONSOLIDATED REPORT
ESCALATED PRICE CASE

Basin Contract Area Field/Economic Entity	Company Net Oil Reserves (10^3bbl)	Future Gross Revenue (10^3U.S.$)	Operating Expenses (10^3U.S.$)	Capital Costs (10^3U.S.$)	Abandonment Costs (10^3U.S.$)	Before-Tax Future Net Revenue (10^3U.S.$)	Before-Tax Present Worth at 10 Percent (10^3U.S.$)	Colombian Income Taxes (10^3U.S.$)	After-Tax Future Net Revenue (10^3U.S.$)	After-Tax Present Worth at 10 Percent (10^3U.S.$)
Llanos										
Chipirón Association										
Araguato	28.668	1,674.336	930.189	4.994	69.243	669.910	610.975	225.637	444.273	410.689
Bayonero	135.430	7,892.930	2,463.691	21.989	276.973	5,130.277	4,605.258	1,351.738	3,778.539	3,404.516
Chipirón	2,074.461	121,700.921	30,956.991	2,055.464	1,247.376	87,441.090	71,585.469	22,138.457	65,302.633	53,409.914
Galembo	23.192	1,353.151	580.291	6.887	69.243	696.730	634.533	233.767	462.963	427.078
Jiba	145.421	8,485.755	5,458.080	13.687	623.190	2,390.798	2,275.715	921.696	1,469.102	1,444.786
Macana	50.161	2,924.620	953.310	14.233	70.628	1,886.449	1,681.442	596.975	1,289.474	1,155.230
Total Chipirón Association	**2,457.333**	**144,031.713**	**41,342.552**	**2,117.254**	**2,356.653**	**98,215.254**	**81,393.392**	**25,468.270**	**72,746.984**	**60,252.213**
Cravo Norte Association										
Caño Limón	8,535.580	506,890.180	218,333.414	14,758.882	13,097.572	260,700.312	216,884.116	63,797.399	196,902.913	163,586.841
Caño Yarumal	1,322.109	78,153.385	38,339.830	1,823.678	1,936.486	36,053.391	29,701.056	8,670.247	27,383.144	22,544.316
Redondo	364.235	21,417.700	11,016.541	1,021.488	744.695	8,634.976	7,119.838	1,830.979	6,803.997	5,596.908
Redondo Este	34.177	2,023.346	1,118.238	17.637	53.417	834.054	674.739	268.573	565.481	462.439
Tonina	24.729	1,503.673	627.467	0.000	57.373	818.833	565.707	262.861	555.972	391.061
Total Cravo Norte Association	**10,280.830**	**609,988.284**	**269,435.490**	**17,621.685**	**15,889.543**	**307,041.566**	**254,945.456**	**74,830.059**	**232,211.507**	**192,581.565**
Cosecha Association										
Canagüey	539.229	31,644.429	12,482.225	459.175	598.268	18,104.761	15,417.959	4,950.130	13,154.631	11,224.253
Cosecha A	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Finn	733.380	42,857.995	6,604.191	5,723.306	216.041	30,314.457	25,368.773	7,720.770	22,593.687	18,746.971
Morrocoy	97.049	5,678.813	1,732.908	0.000	211.884	3,734.021	3,244.154	1,197.486	2,536.535	2,221.288
Rex	48.370	2,815.373	1,585.668	0.000	207.730	1,021.975	985.966	330.989	690.986	679.453
Rex NE	7,763.692	455,157.868	43,399.982	22,150.978	465.319	389,141.589	317,740.473	111,491.617	277,649.972	225,770.110
Terecay	864.254	50,470.645	9,877.511	692.466	448.701	39,451.967	34,440.527	11,083.095	28,368.872	24,774.491
Total Cosecha Association	**10,045.974**	**588,625.123**	**75,682.485**	**29,025.925**	**2,147.943**	**481,768.770**	**397,197.852**	**136,774.087**	**344,994.683**	**283,416.566**
Rondón Association										
Caño Rondón	565.730	32,744.962	7,389.755	604.094	1,088.120	23,662.993	21,711.423	6,084.556	17,578.437	16,157.524
Caricare	1,068.685	61,852.357	11,275.021	1,708.825	1,137.580	47,730.931	43,530.629	13,214.113	34,516.818	31,494.384
Total Rondón Association	**1,634.415**	**94,597.319**	**18,664.776**	**2,312.919**	**2,225.700**	**71,393.924**	**65,242.052**	**19,298.669**	**52,095.255**	**47,651.908**
Middle Magdalena Valley										
La Cira-Infantas										
La Cira and Infantas – C Sands	44,472.013	2,864,390.971	1,569,615.030	110,550.525	157,137.480	1,027,087.936	681,926.233	242,867.002	784,220.934	519,591.266
La Cira and Infantas – A&B Sands	6,763.478	415,807.241	143,036.104	110,784.171	13,276.427	148,710.539	63,116.505	48,943.660	99,766.879	36,440.990
Total La Cira-Infantas	**51,235.491**	**3,280,198.212**	**1,712,651.134**	**221,334.696**	**170,413.907**	**1,175,798.475**	**745,042.738**	**291,810.662**	**883,987.813**	**556,032.256**
Grand Total	**75,654.043**	**4,717,440.651**	**2,117,776.437**	**272,412.479**	**193,033.746**	**2,134,217.989**	**1,543,821.490**	**548,181.747**	**1,586,036.242**	**1,139,934.508**

Note: Oil reserves presented in this table represent oil sales and do not include oil consumption quantities.

These data accompany the report of DeGolyer and MacNaughton and are subject to its specific conditions.

TABLE 4
SUMMARY of FUTURE NET REVENUE from PROVED-plus-PROBABLE RESERVES
as of
DECEMBER 31, 2020
for
CERTAIN FIELDS
in the
LLANOS and MIDDLE MAGDALENA VALLEY BASINS, COLOMBIA
for
SIERRACOL ENERGY

CONSOLIDATED REPORT
ESCALATED PRICE CASE

Basin Contract Area Field/Economic Entity	Company Net Oil Reserves (10^3bbl)	Future Gross Revenue (10^3U.S.$)	Operating Expenses (10^3U.S.$)	Capital Costs (10^3U.S.$)	Abandonment Costs (10^3U.S.$)	Before-Tax Future Net Revenue (10^3U.S.$)	Before-Tax Present Worth at 10 Percent (10^3U.S.$)	Colombian Income Taxes (10^3U.S.$)	After-Tax Future Net Revenue (10^3U.S.$)	After-Tax Present Worth at 10 Percent (10^3U.S.$)
Llanos										
Chipirón Association										
Araguato	39.778	2,327.748	1,266.386	5.968	70.628	984.766	856.454	320.662	664.104	583.344
Bayonero	192.833	11,297.065	3,945.554	35.111	293.592	7,022.808	6,048.041	1,927.212	5,095.596	4,405.940
Chipirón	2,815.700	165,366.406	38,111.741	8,173.369	1,381.024	117,700.272	93,830.708	31,355.123	86,345.149	68,531.157
Galembo	31.072	1,815.725	752.509	8.230	70.628	984.358	866.798	320.965	663.393	590.151
Jiba	192.510	11,257.431	7,320.502	17.003	623.190	3,296.736	3,066.626	1,195.558	2,101.178	2,008.785
Macana	67.604	3,949.949	1,201.148	16.602	72.013	2,660.186	2,310.673	831.523	1,828.663	1,594.630
Total Chipirón Association	**3,339.497**	**196,014.324**	**52,597.840**	**8,256.283**	**2,511.075**	**132,649.126**	**106,979.300**	**35,951.043**	**96,698.083**	**77,714.007**
Cravo Norte Association										
Caño Limón	9,499.681	564,720.948	232,072.695	25,856.884	15,892.786	290,898.583	237,194.601	73,477.976	217,420.607	176,925.832
Caño Yarumal	1,547.146	91,792.476	42,987.050	3,840.894	2,141.778	42,822.754	34,006.325	10,738.215	32,084.539	25,405.430
Redondo	410.549	24,229.553	12,885.919	1,029.419	747.785	9,566.430	7,832.348	2,161.149	7,405.281	6,056.983
Redondo Este	54.426	3,305.764	1,746.935	19.263	57.373	1,482.193	1,053.456	464.515	1,017.678	728.685
Tonina	27.864	1,702.347	639.354	0.000	57.373	1,005.620	649.761	318.899	686.721	449.891
Total Cravo Norte Association	**11,539.666**	**685,751.088**	**290,331.953**	**30,746.460**	**18,897.095**	**345,775.580**	**280,736.491**	**87,160.754**	**258,614.826**	**209,566.821**
Cosecha Association										
Canagüey	906.364	53,895.097	17,968.578	1,365.001	930.640	33,630.878	25,310.709	9,718.721	23,912.157	18,016.495
Cosecha A	204.487	11,973.614	2,014.173	3,455.618	73.398	6,430.425	5,053.489	1,984.853	4,445.572	3,373.523
Finn	1,018.474	59,874.904	9,407.574	5,768.676	224.351	44,474.303	35,202.203	11,994.415	32,479.888	25,459.999
Morrocoy	209.279	12,250.387	3,286.378	0.000	216.039	8,747.970	7,481.980	2,720.708	6,027.262	5,173.723
Rex	58.716	3,422.023	1,620.727	0.000	207.730	1,593.566	1,474.829	494.236	1,099.330	1,027.770
Rex NE	11,529.976	678,521.586	58,508.067	29,886.167	620.426	589,506.926	463,090.873	171,892.114	417,614.812	326,554.275
Terecay	1,293.199	75,983.342	15,010.027	4,273.111	542.873	56,157.331	46,611.476	16,170.516	39,986.815	33,066.492
Total Cosecha Association	**15,220.495**	**895,920.953**	**107,815.524**	**44,748.573**	**2,815.457**	**740,541.399**	**584,225.559**	**214,975.563**	**525,565.836**	**412,672.277**
Rondón Association										
Caño Rondón	703.386	40,743.635	8,260.774	1,693.226	1,187.040	29,602.595	26,915.413	7,914.304	21,688.291	19,740.860
Caricare	1,180.762	68,352.089	11,823.405	1,878.123	1,137.580	53,512.981	48,702.738	14,973.913	38,539.068	35,086.395
Total Rondón Association	**1,884.148**	**109,095.724**	**20,084.179**	**3,571.349**	**2,324.620**	**83,115.576**	**75,618.151**	**22,888.217**	**60,227.359**	**54,827.255**
Middle Magdalena Valley										
La Cira-Infantas										
La Cira and Infantas – C Sands	50,078.066	3,273,738.068	1,774,425.216	110,550.525	165,536.370	1,223,225.957	782,900.359	294,166.066	929,059.891	592,311.632
La Cira and Infantas – A&B Sands	12,218.102	792,704.391	340,069.135	110,784.171	16,507.568	325,343.517	143,351.672	101,923.153	223,420.364	91,517.660
Total La Cira-Infantas	**62,296.168**	**4,066,442.459**	**2,114,494.351**	**221,334.696**	**182,043.938**	**1,548,569.474**	**926,252.031**	**396,089.219**	**1,152,480.255**	**683,829.292**
Grand Total	**94,279.974**	**5,953,224.548**	**2,585,323.847**	**308,657.361**	**208,592.185**	**2,850,651.155**	**1,973,811.532**	**757,064.796**	**2,093,586.359**	**1,438,609.652**

Notes:
1. Probable reserves and the values associated with probable reserves have not been risk adjusted to make them comparable to proved reserves and the values associated with proved reserves.
2. Oil reserves presented in this table represent oil sales and do not include oil consumption quantities.

Goldvale House
27-41 Church Street West
Woking, GU21 6DH
United Kingodm
T: 01483 746 500

Our ref: ECV2408

Date: 04 June 2021

The Directors
Colombia Energy Development Co. Sucursal Colombia
Carrera 7
71-21, Torre B,
Oficina #802
Bogota
Colombia

Dear Sirs,

RESERVES EVALUATION OF CEDCO ASSETS, 1st January 2021

In response to a request by Colombia Energy Development Co. Sucursal Colombia ("CEDCO") and the Letter of Engagement dated 4th January 2021, RPS Energy Consultants Limited ("RPS") has completed an audit of the Reserves and Resources of CEDCO's assets in the Llanos Basin, Colombia as of 1st January 2021. The following is a summary of certain elements presented in the full RPS report.[1]

The assets evaluated by RPS are the Rio Verde, Alcaravan-A and -B and Los Hatos blocks which contain the Tilodiran, Boral, Canacabare, Estero and Los Hatos producing oil fields. All blocks are held 100% by CEDCO.

Block	Area	Field	Licence Expiry Date
Rio Verde			
	Boral Area	**Boral – Marsupial**	**30-Jan-2034**
	Tilodiran Area	**Tilodiran**	**06-Sep-2031**
Los Hatos		**Los Hatos**	**23-May-2031**
Alcaravan		**Canacabare & Estero**	**12-Feb-2031**

Table 1: CEDCO Assets

RPS has estimated Proved, Probable and Possible Reserves as of 1 January 2021. All Reserves definitions and estimates shown in this report are based on the 2018 PRMS guidelines. The work was undertaken by a team of petroleum engineers, geoscientists and economists and is based on data supplied by CEDCO.

In estimating Reserves, we have used standard petroleum engineering techniques. We have estimated the degree of uncertainty inherent in the measurements and interpretation of the data and have calculated a range of recoverable volumes, based on predicted field performance and contracted gas sales.

We have taken the working interest that CEDCO has in the Fields as presented by CEDCO. We have not investigated, nor do we make any warranty as to CEDCO interest in the Assets.

[1] ECV2408 Reserves Evaluation of CEDCO Assets Year Ending 2020 Final (22nd April 2021)

No site visit was undertaken as part of our work.

BASIS OF OPINION

The evaluation presented in this report reflects our informed judgment, based on accepted standards of professional investigation, but is subject to generally recognized uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation, taxation and other regulations that currently apply to these interests. However, RPS is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property. Our estimates of Reserves are based on data provided by CEDCO. We have accepted, without independent verification, the accuracy and completeness of this data. Additionally, the price deck used in this evaluation is a consensus price deck provided by CEDCO to align across multiple auditors. As such, RPS has accepted this price deck for the purposes of the evaluation without verification.

QUALIFICATIONS

RPS is an independent consultancy specialising in petroleum reservoir evaluation and economic analysis. The provision of professional services has been solely on a fee basis. Clare Wilson, Principal Advisor has managed this evaluation. Clare has over 25 years of experience in upstream oil and gas, including more than five years in the evaluation and auditing of oil and gas resources. The evaluation has been supervised by Mr Jim Bradly, Operations Director. Mr Bradly is a Chartered Engineer and Chartered Petroleum Engineer with over 20 years' experience in upstream oil and gas, with over 15 years of experience in the evaluation and auditing of oil and gas resources . Other RPS employees involved in this work hold at least a Master's degree in geology, geophysics, petroleum engineering or a related subject or have at least five years of relevant experience in the practice of geology, geophysics or petroleum engineering.

OVERVIEW OF ASSETS

The assets evaluated by RPS for CEDCO are all located in the Llanos Basin of Colombia. The fields typically comprise a 3-way, dip-closed structure against a normal fault.

Rio Verde

Rio Verde has two exploitation areas; the Tilodiran area and the Boral area.

The Tilodiran Field produces from the Ubaque, Gacheta, and Mirador formations and is CEDCO's major producing asset. Production from the Tilodran field started in December and peak oil production of 2,560 stb/d was achived in in April 2017. At the end of December 2020, field oil production was 960 stb/d. Cumulative production to end 2020 was 5.02 MMstb.

The Boral and Marsupia discovery wells were drilled in 2008 and 2007, respectively. These wells were considered to be separate accumulations but CEDCO now believe they are in the same accumulation. Production from Boral-1 started in 2008 with a peak oil rate of approximately 630 stb/d. In March 2017, Marsupial-1 started production and reached peak oil production of just over 800 stb/d. Production from Marsupial-1 and Boral-1 ceased in early 2020 and both wells remain shut in. In June 2020, Boral-2 started production and oil rate at end 2020 was 640 stb/d. Total production for the Boral and Marsupial field stands at 0.57 MMstb at the end of 2020.

Alcaravan A and Los Hatos

Production from the Estero and Los Hatos fields started in 1998 with Estero-1. Peak production of approximately 3,250 stb/d was achieved in 2001. To date production has been from six development wells but currently only 2 wells (Estero-1 and Los Hatos-1) are onstream. Oil production rates have been declining slowly since 2005. By the end of 2020 production had dropped to 120 stb/d at a water cut of 98% and a total of 3.93 MMstb of oil has been produced.

Alcaravan B

This is part of the larger Alcaravan contract and includes the Canacabare Field. Production from the field started in March 2003. There is currently only one well producing. At the end of 2020 the field was producing at a rate of 490 stb/d at a water cut of 96%. Cumulative production for the field was 1.45 MMstb.

FISCAL ASSUMPTIONS

CEDCO has 100% working interests in the Rio Verde, Alcaravan and Los Hatos blocks. Oil and gas developments under are subject to royalty and taxes payments by the contractor under the licence terms.

RPS has estimated block-by-block Reserves using a Consensus Price Deck for Brent provided by CEDCO[2]. All other assumptions are RPS' own.

The following price assumptions have been included in the economic model:

- **Prices:** The Consensus Price Deck is in **Table 2**:

Year	Concensus Brent Price US$/stb MOD
2021	60.9
2022	61.8
2023	63.3
2024	62.3
2025	62.0
2026	63.2
2027	64.5
2028	65.8
2029	+2.00% p.a.

Table 2: Consensus Price Deck

- **Discount to Brent Oil price:** The price differential per barrel has been used to calculate Vasconia oil price from Average Brent Crude Price using the Consensus Price Deck, as shown in **Table 3**:

Year	Vasconia - Brent Differential $/stb	US$/1° API Deviation Above 27.9° US$/1° API	US$/1° API Deviation Below 27.9° US$/1° API
2021	-3.0	0.6	0.4
2022	-3.0	0.6	0.4
2023	-4.0	0.6	0.4
2024	-4.0	0.6	0.4
2025	-4.0	0.6	0.4
2026	-4.0	0.6	0.4
2027	-4.0	0.6	0.4
2028	-4.0	0.6	0.4
2029	-4.0	0.6	0.4
2030	-5.0 p.a	0.6 p.a.	0.4 p.a

Table 3: Vasconia – Brent Price Differential

[2] Referred to as CEDCO2 price deck in the report.

- **Quality adjustment:** a quality adjustment of 0.4 US$ per additional °API of difference from the 24° API for Vasconia for blends with API above 27.9 and 0.6 US$ per additional °API of difference for blends with API below 27.9 has been assumed from 2021 onward (Table 8.6).

- **Deductions:** The following deductions to the Local Price are also assumed:
  - A cost of 7.5 US$/stb for pipeline costs was applied for all fields
  - In addition, 2.4 US$/stb for Trucking was applied in Alcaravan and 1.6 US$/stb in Rio Verde, respectively, for the life of the project.
- All costs and prices are inflated by 2% per annum from 2022 onwards.

CEDCO RESERVES AS OF 1st JANUARY 2021

CEDCO Reserves as of 1st January 2021 based on the CEDCO Consensus Price Deck and other fiscal assumptions detailed above are as shown in **Table 4**:

Asset	Oil Reserves (MMstb)[3,4,5]									
	CEDCO's Net Working Interest Basis[1]					CEDCO's Net Entitlement Basis[2]				
	1PD	1P	2PD	2P	3P	1PD	1P	2PD	2P	3P
Boral /Marsupial	0.4	0.9	0.6	1.5	2.3	0.4	0.8	0.5	1.4	2.1
Tilodiran	1.4	5.1	3.7	9.3	12.3	1.3	4.6	3.4	8.4	11.1
Total Rio Verde	**1.8**	**5.9**	**4.3**	**10.8**	**14.7**	**1.7**	**5.4**	**3.9**	**9.7**	**13.3**
Alcaravan A	0.0	1.1	0.0	1.4	1.9	0.0	0.9	0.0	1.1	1.5
Alcaravan B	0.2	1.0	0.3	2.0	3.2	0.1	0.9	0.3	1.9	2.9
Total Alcaravan	**0.2**	**2.1**	**0.4**	**3.4**	**5.0**	**0.2**	**1.8**	**0.3**	**3.0**	**4.4**
Los Hatos	0.1	0.6	0.2	0.7	0.8	0.1	0.5	0.2	0.6	0.7
Total Los Hatos	**0.1**	**0.6**	**0.2**	**0.7**	**0.8**	**0.1**	**0.5**	**0.2**	**0.6**	**0.7**
Total CEDCO	**2.1**	**8.6**	**4.9**	**14.9**	**20.5**	**2.0**	**7.7**	**4.4**	**13.3**	**18.4**

Notes:

[1] Company's working interest share of gross field Reserves after economic limit test

[2] Net entitlement Reserves are WI reserves net of royalty as they are assumed to be paid in kind.

[3] PRMS recommends that for reporting purposes, assessment results should not incorporate statistical aggregation beyond the field, property or project level. The total Reserves are therefore the product of arithmetic addition and as such are not statistically correct. As a result, the total 1P Reserves may be a very conservative assessment and the total 3P Reserves a very optimistic assessment.

[4] All numbers rounded to 1 d.p. Some totals may not appear correct due to rounding.

[5] Reserves estimated using the Concensus price assumptions provided by the client. RPS independent price assumptions are reported in the full RPS report - ECV2408 Reserves Evaluation of CEDCO Assets Year End 2020. RPS 22nd April 2021

Table 4: CEDCO Oil Reserves by Block based on Concensus Price Assumptions

A summary of the NPV10 using the Consensus Price Deck and RPS Fiscal Assumptions is presented in Table 5:

	NPV@10% ($MM) Consensus Price Deck		
	1P	2P	3P
Rio Verde	44.0	95.1	141.3
Alcaravan	14.1	42.0	67.2
Los Hatos	7.8	9.4	12.1
Total[1]	**65.9**	**146.5**	**220.6**

Table 5: Total NPV@10% using Consensus Price Deck

Our ref: ECV2408

Yours sincerely,
for RPS Energy Consultants Ltd

Jim Bradly CEng MEI Chartered Petroleum Engineer
Operations Director – Technical & Advisory, EAME

Disclaimer

This report documents the results of the Beicip-Franlab (BF) audit and assessment of the LAGOSUR oil and gas Reserves and Resources in Bolivar block, Colombia, awarded by the Company to Beicip-Franlab in the framework of the Technical Services Agreement dated as of January 1st 2020 (the “Contract”).

This document was prepared by Beicip-Franlab for the exclusive use of LAGOSUR and is not to be reproduced, distributed or made available, in whole or in part, to any person, company or entity other than LAGOSUR, without the approval of Beicip-Franlab.

Beicip-Franlab is independent with respect to LAGOSUR as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserve Information promulgated by the Society of Petroleum Engineers.

Beicip-Franlab represents, warrants, and covenants that it performed and carried out its obligations in respect of the Contract in a diligent and professional manner and to a standard of care and skill as can be expected from a prudent and reputable international oil and gas organization performing a similar study under a similar agreement, and in compliance with all applicable laws, including those relating to health, safety and environment.

However it is agreed that any interpretation of logs or interpretation of test or other data, and any recommendation or reservoir description based upon such interpretations are opinions based upon inferences from measurements and empirical relationships and assumptions, which inferences and assumptions are not infallible, and with respect to which professional engineers and analysts may differ. Accordingly, Beicip-Franlab cannot and does not warrant the accuracy, correctness or completeness of any such interpretation, recommendation or reservoir description which should not therefore, under any circumstances be relied upon as the sole or main basis for any drilling, completion, well treatment, production or financial decision or any procedure involving any risk to the safety of any drilling venture, drilling rig or its crew or any other individual. The Company has full responsibility for all such decisions and for all such decisions and for all financial and operational decisions.

It should be understood that our above–described audit does not constitute a complete reserve study of the oil and gas properties of the Company. In the conduct of our report, we have not independently verified the accuracy and completeness of information and data furnished by LAGOSUR with respect to ownership interests, oil and gas production, historical costs of operation and development, product prices, agreements relating to current and future operations and sales of production.

In carrying out the assignment, BF relied upon information and data provided by LAGOSUR, which is comprised of basic engineering data, geoscience and engineering interpretations associated with such data, technical reports, costs and commercial data, and development plans. Such data and information were relied upon by Beicip-Franlab in preparing this document and have been accepted as represented without independent verification. This document was prepared by Beicip-Franlab for the sole use of its customer under a specific contract and is submitted on the basis of the confidentiality clause under such contract. Any information given to Beicip-Franlab by its customer was used for performance of this work, only.

Beicip-Franlab has made its best efforts in preparing this document according to industrial practices in force. All the results are based on the information provided by the customer and known at the time when the work was carried out.

Introduction

Beicip-Franlab was engaged through its affiliate BEICIP INC. by Colombia Energy Development Co, hereinafter also referred to as "LAGOSUR" or the "Company", to conduct an audit and certification update of oil & gas Reserves (as at 31st December, 2020) of the Bolivar block in Colombia, in which LAGOSUR has a one hundred percent interest.

The asset location map is presented in **Figure 1**.

The Proved (1P), the Proved plus Probable (2P) and Proved plus Probable plus Possible (3P) estimates are based on the 2018 PRMS Reserves definitions which are used widely in the petroleum industry and referred to as the SPE PRMS.

Beicip-Franlab reviewed and audited LAGOSUR's Oil & Gas Reserves estimates for 1P, 2P, and 3P cases for the Catalina field as at 31st December 2020. Beicip-Franlab has applied the SPE Reserves Definitions as follows:

This assessment was conducted within the context of Beicip-Franlab's understanding of the effects of petroleum legislation, taxation and other regulations that currently pertain to the various properties. However, Beicip-Franlab is not in a position to attest to the property title, financial interest relationships or encumbrances thereon for any part of the properties reviewed.

It is recalled that any evaluation, particularly one involving future petroleum developments, may be subject to significant variations over short periods of time, upward or downward, as new information becomes available and perceptions change.

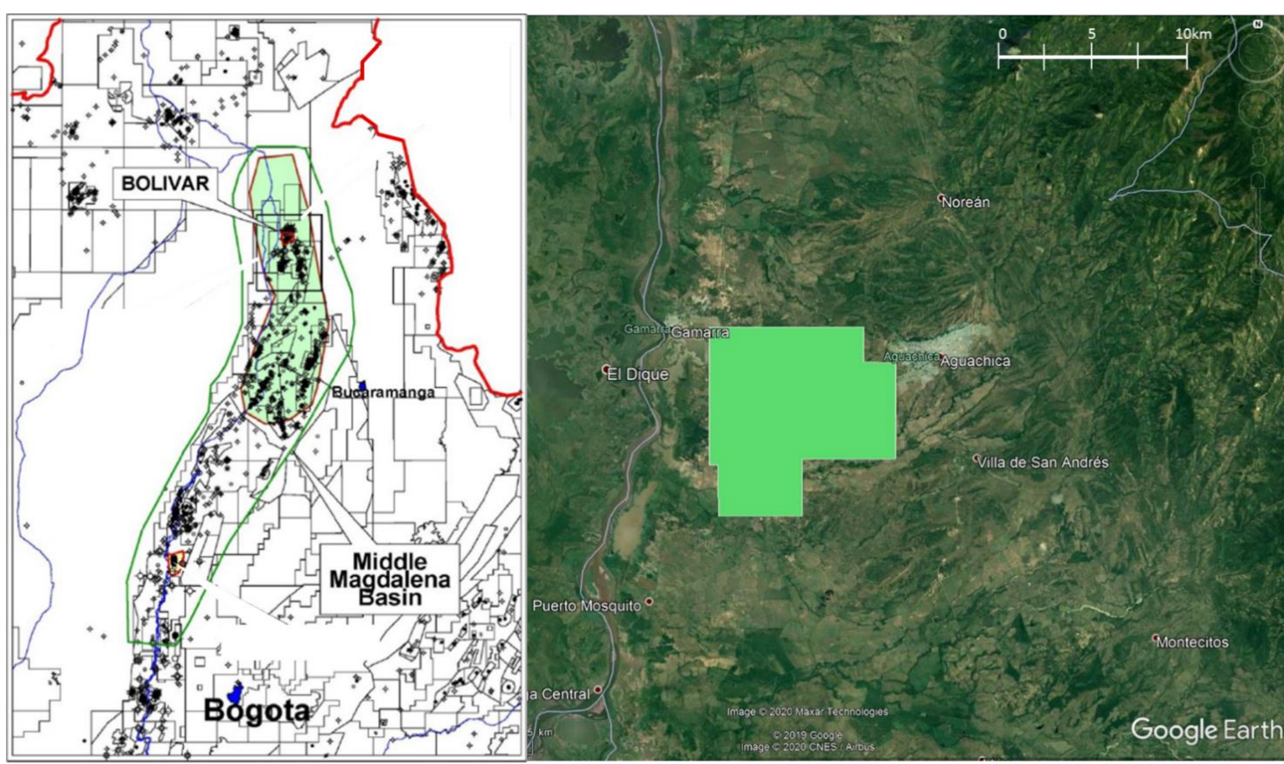

Figure 1: LAGOSUR’s Bolivar block, Middle Magdalena Valley, Colombia

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Catalina Oilfield

As of 31st December 2020, 7 wells have been drilled in the Catalina structure:

- 4 vertical wells in 1952-1955: Buturama-1, 2, 3 and 6, all completed as oil producers in the Tablazo / Rosa Blanca reservoir
- 1 horizontal well in 1997: Catalina-1ST2, completed as oil producer in the Tablazo / Rosa Blanca reservoir (preceeded by Catilina-1 vertical pilot hole)
- 1 horizontal well in 1998: Olivo-1, completed as oil producer in Salada (La Luna) reservoir
- 1 deviated well in 2001: Olivo-2, targeting the Salada (La Luna) reservoir; the well failed to test commercial rates after acid stimulation and was temporarily abandoned

The field has been producing between 1953 and 1965, then reactivated between 1998 and 2013 and it is now temporarily shut in.

Reserves estimates & Economic Evaluation

The following table presents the Proved (1P), Proved plus Probable (2P) and Proved plus Probable plus Possible (3P) Oil Reserves attributable to LAGOSUR's Catalina Field and economic results using Carlyle price deck as of 31st December 2020 presented in **Figure 2**, which were estimated in accordance with the 2018 PRMS classification.

Case (as of 31st December 2020)		**1P**	**2P**	**3P**
Gross Oil Production	***MMstb***	***2.32***	***4.67***	***7.93***
Net Oil Production	*MMstb*	*1.86*	*3.74*	*6.34*
Opex	*MMUS$*	*(12)*	*(16)*	*(18)*
G&A	*MMUS$*	*(2)*	*(5)*	*(8)*
Capex	*MMUS$*	*(49)*	*(67)*	*(87)*
NPV@10% (2020)	*MMUS$*	*6.7*	*44.5*	*102.4*

Checked by:	Victor Alcobia		Approved by:	Vincent de Groen	

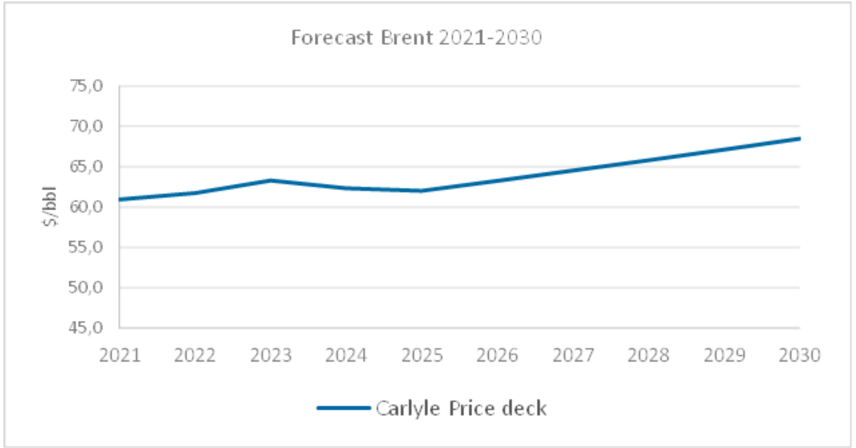

Figure 2: Carlyle price deck

Oil Contingent Resources (CR)

The following Table shows the Oil Contingent Resources for the Catalina field.

Catalina Field, Oil Contingent Resources at December 31st, 2020

Million Standard Barrels
Attributable to LAGOSUR's 100% Working Interest

LAGOSUR Contingent Oil Resources at 31/12/2020 (MMstb)	Low Estimate 1C	Best Estimate 2C	High Estimate 3C
Gross	3.06	16.70	50.90

Checked by:	Victor Alcobia	[signature]	Approved by:	Vincent de Groen	[signature]

Gas Contingent Resources (CR)

The following Table shows the Gas Contingent Resources for the Catalina field.

Catalina Field, Gas Contingent Resources at December 31st, 2020

Billion Standard Cubic Feet
Attributable to LAGOSUR's 100% Working Interest

LAGOSUR Contingent Gas Resources at 31/12/2020 (Bscf)	Low Estimate 1C	Best Estimate 2C	High Estimate 3C
Gross	15.1	38.2	84.0

Checked by:	Victor Alcobia	[signature]	Approved by:	Vincent de Groen	[signature]

Prices: Supplied January 1, 2021
Eff. Date: December 31, 2020
Currency: USD

Table 1

Colombia Energy Development Co.
Summary of Reserves and Net Present Values
Forecast Prices and Costs as of December 31, 2020

LLA-23 Block - Colombia

Summary of Reserves (1)

Reserve Category	Total Crude Oil Reserves Property Gross Mbbl	Company Gross Mbbl	Company Net Mbbl	Total Natural Gas Reserves Property Gross MMcf	Company Gross MMcf	Company Net MMcf
Proved Developed Producing Reserves	283	283	253	-	-	-
Proved Developed Non-Producing Reserves	1,369	1,369	1,177	-	-	-
Proved Developed Reserves	1,652	1,652	1,430	-	-	-
Proved Undeveloped Reserves	1,691	1,691	1,423	-	-	-
Total Proved Reserves	**3,344**	**3,344**	**2,852**	**-**	**-**	**-**
Total Probable Reserves	1,682	1,682	1,440	-	-	-
Total Proved + Probable Reserves	**5,026**	**5,026**	**4,293**	**-**	**-**	**-**
Total Possible Reserves	1,408	1,408	1,199	-	-	-
Total Proved + Probable + Possible Reserves	**6,434**	**6,434**	**5,492**	**-**	**-**	**-**

Reserve Category	Total BOE Reserves Property Gross Mboe	Company Gross Mboe	Company Net Mboe
Proved Developed Producing Reserves	283	283	253
Proved Developed Non-Producing Reserves	1,369	1,369	1,177
Proved Developed Reserves	1,652	1,652	1,430
Proved Undeveloped Reserves	1,691	1,691	1,423
Total Proved Reserves	**3,344**	**3,344**	**2,852**
Total Probable Reserves	1,682	1,682	1,440
Total Proved + Probable Reserves	**5,026**	**5,026**	**4,293**
Total Possible Reserves	1,408	1,408	1,199
Total Proved + Probable + Possible Reserves	**6,434**	**6,434**	**5,492**

Summary of Company Share of Net Present Values Before Income Tax

Reserve Category	$M US Dollars 0.0%	5.0%	10.0%	15.0%	20.0%
Proved Developed Producing Reserves	1,284	1,636	1,920	2,150	2,336
Proved Developed Non-Producing Reserves	22,508	19,231	16,527	14,295	12,446
Proved Developed Reserves	23,792	20,867	18,448	16,445	14,781
Proved Undeveloped Reserves	40,842	31,259	24,339	19,250	15,439
Total Proved Reserves	**64,633**	**52,127**	**42,787**	**35,695**	**30,220**
Total Probable Reserves	57,540	41,886	31,671	24,803	20,040
Total Proved + Probable Reserves	**122,173**	**94,013**	**74,458**	**60,498**	**50,260**
Total Possible Reserves	55,101	37,624	27,285	20,826	16,574
Total Proved + Probable + Possible Reserves	**177,274**	**131,637**	**101,743**	**81,324**	**66,834**

Summary of Company Share of Net Present Values After Income Tax

Reserve Category	$M US Dollars 0.0%	5.0%	10.0%	15.0%	20.0%
Proved Developed Producing Reserves	7	448	809	1,106	1,352
Proved Developed Non-Producing Reserves	14,441	12,422	10,641	9,102	7,787
Proved Developed Reserves	14,448	12,870	11,449	10,208	9,139
Proved Undeveloped Reserves	28,248	21,364	16,293	12,520	9,680
Total Proved Reserves	**42,696**	**34,234**	**27,742**	**22,728**	**18,819**
Total Probable Reserves	40,081	29,521	22,420	17,569	14,178
Total Proved + Probable Reserves	**82,777**	**63,755**	**50,162**	**40,298**	**32,996**
Total Possible Reserves	38,394	26,419	19,195	14,643	11,638
Total Proved + Probable + Possible Reserves	**121,171**	**90,174**	**69,357**	**54,940**	**44,634**

(1) Company Gross reserves are based on Company working interest share of the reserves.
Company Net reserves are based on Company share of reserves after royalties, NPI,ORR and HPR
(2) Barrels of Oil Equivalent (BOE) conversion based on 6 Mcf/bbl

Colombia Energy Development Co.
Summary of Price Forecasts
January 1, 2021 Prices

Table 2

Year	WTI Crude Oil Price $US/bbl	Brent Crude Oil Price $US/bbl	Vasconia Crude Oil Price Differential $US/bbl	Block 23 Crude Oil Price Differential $US/bbl	Block 23 Crude Oil Price $US/bbl	Inflation Forecast %
2021	58.00	60.90	4.00	3.50	53.40	2.00
2022	58.00	61.80	4.00	3.50	54.30	2.00
2023	59.50	63.30	4.00	3.50	55.80	2.00
2024	60.00	62.30	4.00	3.50	54.80	2.00
2025	60.30	62.00	4.00	3.50	54.50	2.00
2026	61.51	63.24	4.00	3.50	55.74	2.00
2027	62.74	64.50	4.00	3.50	57.00	2.00
2028	63.99	65.79	4.00	3.50	58.29	2.00
2029	65.27	67.11	4.00	3.50	59.61	2.00
2030	66.58	68.45	4.00	3.50	60.95	2.00
2031	67.91	69.82	4.00	3.50	62.32	2.00
2032	69.27	71.22	4.00	3.50	63.72	2.00
2033	70.65	72.64	4.00	3.50	65.14	2.00
2034	72.06	74.10	4.00	3.50	66.60	2.00
2035	73.51	75.58	4.00	3.50	68.08	2.00
2036	74.98	77.09	4.00	3.50	69.59	2.00
2037	76.47	78.63	4.00	3.50	71.13	2.00
2038	78.00	80.20	4.00	3.50	72.70	2.00
2039	79.56	81.81	4.00	3.50	74.31	2.00
2040	81.16	83.44	4.00	3.50	75.94	2.00

Pricing Assumptions :
WTI and Brent price forecast based on supplied prices

THE ISSUER

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SierraCol Energy Andina, LLC

US$600,000,000 6.000% Senior Notes due 2028

OFFERING MEMORANDUM

June 14, 2021