SierraCol Energy Limited

Unaudited Condensed Consolidated Financial Statements

For the interim period ended June 30, 2021

Contents Page

Statement of directors' responsibilities in respect of the financial statements ... 3
CONDENSED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME (Unaudited) ... 4
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited) ... 5
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited) ... 6
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited) ... 7
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) ... 8
1 – Reporting Entity ... 8
2 – Basis of Preparation and Significant Accounting Policies ... 9
3 – Holder and Andina Acquisition ... 20
4 – COG Acquisition ... 20
5 – Revenue ... 21
6 – Property, Plant and Equipment ... 22
7 – Discontinued Operations ... 24
8 – Short and Long- Term Investments ... 24
9 – Trade Receivables ... 24
10 – Other Current Assets ... 24
11 –Inventories ... 25
12 – Decommissioning and Environmental Liabilities ... 25
13 – Long term notes ... 26
14 – Employee benefits and pension liability ... 26
15 – Short and long term Accounts Payable and Accrued Liabilities and Derivative Financial instruments ... 26
16 – Financial Risk Management Contracts ... 27
17 – Taxation ... 27
18 – Investments ... 30
19 – Share Capital and Contributed Surplus ... 30
20 – Related-Party Disclosures ... 30
21 – Financial Instruments and Financial Risk Management ... 31
22 – Capital Management ... 33
23 – Commitments and Contingencies ... 34
24 – Leases ... 35
25 – Post Balance Sheet Events ... 35
26 – Ultimate Controlling Party ... 35

Statement of directors' responsibilities in respect of the financial statements

The directors confirm that to the best of our knowledge the Condensed Consolidated Interim Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the IASB and as adopted by the UK.

CONDENSED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME (Unaudited)

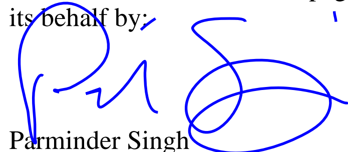
For the interim period ended June 30, 2021.

(Thousands of United States dollars)

	Note	For the six-month period ended June 30, 2021
Revenue		
Oil and natural gas net sales		$ 381,077
Other income		342
Total revenues and other income	5	**381,419**
Operational expenses		
Production and operating expenses		84,917
Depreciation, depletion, and amortization	6	88,296
Exploration expenses		5,964
General and administrative		26,658
Other operational income		(120)
Total operational expenses		**205,715**
Income from operations		**175,704**
Finance income (expense)		
Realized fair value gain on derivatives	21	(5,562)
Unrealized fair value gain on derivatives		(13,948)
Other expenses		(1,873)
Other income		559
Financial income		194
Financial expense		(7,359)
Accretion of decommissioning liability	12	(3,632)
Realized foreign exchange gain		3,987
Unrealized foreign exchange gain		4,824
Net income before tax		**152,894**
Taxation	17	(97,914)
Net income for the period		**$ 54,980**
Attributable to:		
Shareholders of the Corporation		$ 52,015
Non-controlling interest		$ 2,965

The accompanying notes are an integral part of these consolidated financial statements

The financial statements on pages [4] – [35] were approved by the Board of Directors on September 28, 2021, and signed on its behalf by:



Parminder Singh
Director

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Unaudited)

For the interim period ended June 30, 2021.

(Thousands of United States dollars)

	Note		June 30, 2021		January 1, 2021
Assets					
Non-current assets					
Property, plant, and equipment	6		1,361,258		1,301,094
Goodwill	6		2,650		-
Accounts receivable	9		7,728		6,776
Investments	8		42,891		46,751
		$	1,414,527	$	1,354,621
Current assets					
Prepaid expenses and deposits	10		9,881		9,761
Income tax receivable	10		2,550		10,212
Accounts receivable	9		76,323		59,715
Inventory	11		26,327		30,296
Investments	8		155		-
Cash and cash equivalents			233,037		109,485
		$	348,273	$	219,469
Total assets		**$**	**1,762,800**	**$**	**1,574,090**
Liabilities and Shareholders' Equity					
Non-current liabilities					
Long-term notes	13		583,137		-
Deferred tax liability	17		183,325		178,254
Decommissioning and environmental liabilities	12		153,031		140,920
Finance liabilities			5,058		197,735
Employee benefits and pension liability	14		18,423		20,728
Accounts payable and accrued liabilities	15		74,274		128,566
		$	1,017,248	$	666,203
Current liabilities					
Decommissioning and environmental liabilities	12		8,287		5,360
Finance liabilities			5,269		5,134
Derivate financial instruments	15		13,948		-
Tax payables	17		52,840		52,556
Employee benefits and pension liability	14		17,290		17,982
Accounts payable and accrued liabilities	15		180,540		136,110
		$	278,174	$	217,142
Total liabilities		**$**	**1,295,422**	**$**	**883,345**
Share capital	19		427		369,910
Retained earnings			454,701		296,551
Equity attributable to shareholders´of the Corporation			**455,128**		**666,461**
Non-controlling interest			12,250		24,284
Total equity			**467,378**		**690,745**
Total liabilities and equity		**$**	**1,762,800**	**$**	**1,574,090**

The accompanying notes are an integral part of these consolidated financial statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

For the interim period ended June 30, 2021.
(Thousands of United States dollars)

	Share Capital	Retained earnings [1]	Total equity shareholders of the Corporation	Non-Controlling Interest	Total Equity
January 1, 2021	**$ 369,910**	**$ 296,551**	**$ 666,461**	**$ 24,284**	**$ 690,745**
Share Capital Contributions	60,763	-	60,763	-	60,763
Reduction in Capital	(430,246)	430,246	-	-	-
Dividends declared to equity holders of the Corporation	-	(350,200)	(350,200)	-	(350,200)
Dividends paid to non-controlling interests				(15,000)	(15,000)
COG acquisition		26,089	26,089	-	26,089
Net income and comprehensive income	-	52,015	52,015	2,965	54,980
June 30, 2021	**$ 427**	**$ 454,701**	**$ 455,128**	**$ 12,249**	**$ 467,377**

[1] Includes Opening IFRS adjustments of $0.8 million

The accompanying notes are an integral part of these consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

For the interim period ended June 30, 2021.

(Thousands of United States dollars)

		For the six-month period ended June 2021
Cash and cash equivalents provided by:		
Operating Activities		
Net income before tax	$	152,894
Adjustments for non-cash items:		
Accretion of decommissioning liability		3,632
Depreciation, depletion, and amortization		88,296
Unrealized foreign exchange gain		(4,824)
Changes in assets and liabilities:		
Changes in inventories		3,969
Changes in trade and other receivables		(24,206)
Changes in trade and other payables		(406)
Cash generated from operating activities	$	219,355
Income and other taxes paid		(75,049)
Net cash flows provided by operating activities	**$**	**144,306**
Investing activities		
Acquisitions of property, plant, and equipment	$	(148,460)
Acquisitions of Goodwill		(2,650)
Dividend from Holder and Andina acquisiton		25,493
Proceeds from short-term investments		(155)
Sale of long-term investments		3,860
Net cash flows used in investing activities	**$**	**(121,912)**
Financing activities		
Change in other finance liabilities		(192,542)
Long term notes		583,137
Proceeds from issuance of common shares		56,363
Share premium		4,400
Dividends		(350,200)
Net cash flows provided by financing activities	**$**	**101,158**
Increase in cash and cash equivalents during the period	$	**123,552**
Cash and cash equivalents, beginning of the period		109,485
Cash and cash equivalents, end of the period	**$**	**233,037**

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the interim period ended June 30, 2021

(Thousands of United States dollars)

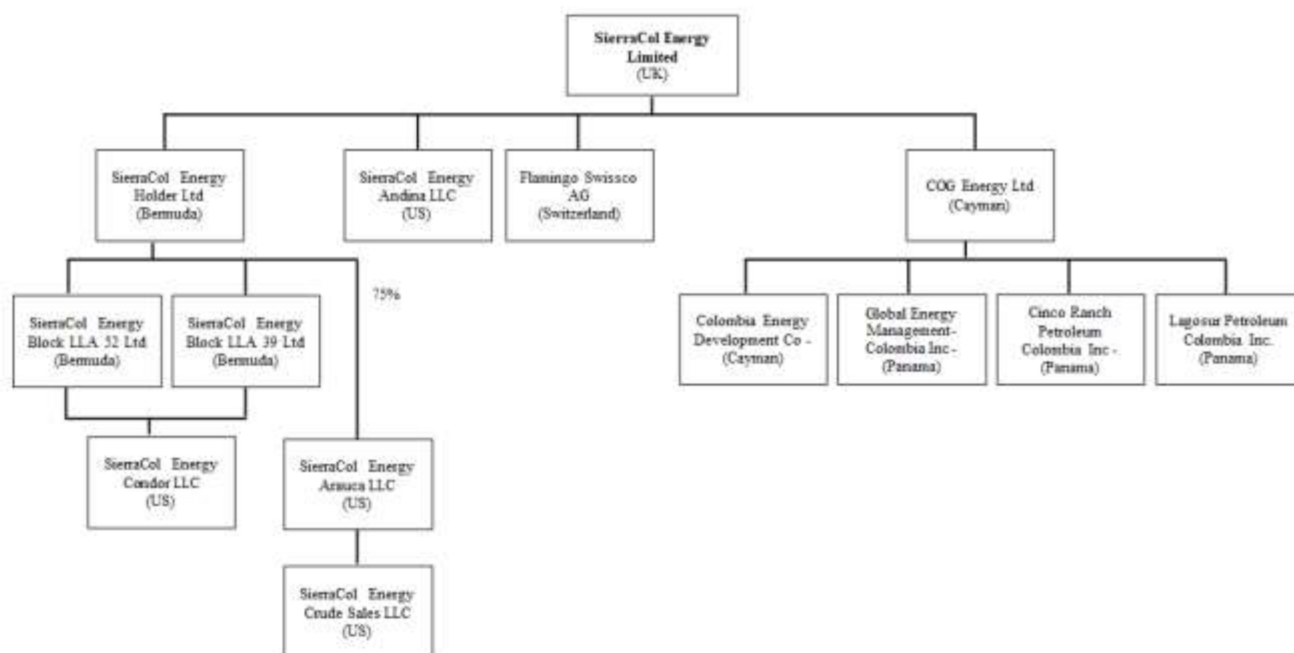
1 – Reporting Entity

SierraCol Energy Limited (**"the Corporation" or "SCE"**) is a private limited company incorporated in England, engaged, via several of its subsidiaries, in the exploration for, and the acquisition, development, and production of hydrocarbons in Colombia, located at 1St James's Market, London, United Kingdom SW1Y 4AH. These consolidated financial statements include the financial statements of the Corporation and its subsidiaries.

On December 18, 2020, a transaction between Occidental Petroleum Corporation ("**OPC**") and the Carlyle Group was executed, whereby SCE, 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, and thus acquired the interest of Holder and Andina, their subsidiaries (and their respective branches in Colombia: SierraCol Energy Arauca , LLC "**Arauca**", SierraCol Energy Andina, LLC "**Andina**" and SierraCol Energy Condor LLC "**Condor**"). Before the transaction, both Holder and Andina, their subsidiaries and their branches in Colombia, were controlled by OPC.

On May 4, 2021, a transaction between Flamingo Midco Limited ("**Flamingo**") (a U.K. based limited company established by funds controlled by the Carlyle Group) and Andes Colombia Holding Limited ("**Andes**") (a U.K. based limited company established by funds controlled by the Carlyle Group) was completed. Flamingo acquired COG Energy Limited ("**COG**"), registered in Cayman Islands, and their subsidiaries and their respective branches in Colombia (Colombia Energy Development Co "**Cedco**", Global Energy Management Resources Colombia Inc. "**Global**", Cinco Ranch Petroleum Colombia Inc "**Cinco Ranch**" and Lagosur Petroleum Colombia Inc "**Lagosur**"). Flamingo assigned this acquisition to SCE. Before the transaction, COG and its subsidiaries and their branches in Colombia, were controlled by Andes.

The legal structure of the corporation is illustrated below:



SierraCol Energy Arauca LLC is a company with an operating branch in Colombia that is 75% owned by Holder and 25% owned by Repsol International Finance B.V. ("Repsol"). For consolidation purposes Repsol Participation is included as a non-controlling interest (NCI) according to paragraph 22 of IFRS 10. The NCI is included in the consolidated statement of financial position within equity.

2 – Basis of Preparation and Significant Accounting Policies

Basis of Preparation

The unaudited Condensed Consolidated Interim Financial Statements ("**Interim Statements**") of the Corporation and its subsidiaries (collectively referred to as "**the Group**") for the six months ended June 30, 2021 have been prepared in accordance with IAS 34 *Interim financial reporting* adopted by the UK. The policies applied in these interim statements are based on IFRS adopted by the UK issued and outstanding as of September 27, 2021, the date of approval by the Board of Directors.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2021, which will be prepared in accordance with both "International Accounting Standards in conformity with the requirements of the Companies Act 2006".

Basis of Measurement

These interim statements have been prepared on an historical cost basis, except for certain financial assets and liabilities, which are measured at fair value with changes in fair value recorded in profit or loss ("**FVTPL**").

The accompanying interim statements have been prepared assuming a continuation of the Group as a going concern basis of accounting, which assumes that the Group will realize its assets and discharge its liabilities in the normal course of business.

Cash forecasts are regularly produced, and sensitivities run for different scenarios including, but not limited to, changes in commodity prices and the impact that downward movements in commodity prices could have on the Group's production, including temporarily halting production if prices drop significantly.

Functional and Presentation Currency

These interim statements are presented in United States dollars, the Group's functional currency, and all the values are rounded to the nearest thousands, except where otherwise indicated.

Principles of Consolidation

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation has the power to govern an entity's financial and operating policies to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are considered. The results of subsidiaries acquired or disposed of during the year are included in the interim statements from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Corporation.

These interim statements include the financial statements of SCE and its controlled subsidiaries. Intercompany balances, transactions, revenues, and expenses are eliminated on consolidation ("**The Group**" financial information).

The purchase method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS 3. The cost of an acquisition is measured as the fair value of the assets, given equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed is recorded as goodwill. If the cost of acquisition is less than the fair value

of the net assets of the subsidiary acquired, the difference is recognized immediately in the consolidated statements of income as a gain on acquisition. Acquisition-related costs, other than share issue costs, are expensed as period costs.

The Corporation also uses the predecessor accounting method when acquiring a Company or Group of companies under common control that meet the following criteria:

- Nonexistence of non-controlling interests
- The fair value for an entity or a business is not paid in full in cash.
- If combining entities were or will be managed together before or after the combination.
- If the transaction is undertaken to effect an internal simplification, or it is driven perhaps by internal tax planning strategies.

The cost of the acquired assets and liabilities are stated at predecessor carrying values, in this case fair value measurement is not required. No new goodwill arises in this method of accounting. Any difference between the consideration given and the aggregate carrying value of the assets and liabilities of the acquired entity at the date of the transaction is included in equity in retained earnings or a separate reserve.

Joint arrangements

Joint arrangements occur when two or more parties have joint control, which is the contractually agreed sharing of an arrangement. This exists when decisions about the relevant activities (being those that significantly affect the returns of the arrangements) require the unanimous consent of the parties sharing control. Joint arrangements can be classified as either a joint operation or a joint venture. A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Corporation recognizes its proportionate share of assets, liabilities, revenues, and expenses of the joint operation.

Foreign Currency Translation

The United States dollar is the functional currency of the Corporation and its significant subsidiaries.

The Corporation converts monetary assets and liabilities denominated in a currency other than the functional currency at the exchange rate in effect at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the consolidated statements of income. Non-monetary assets and liabilities denominated in a currency other than the functional currency are converted at the exchange rate prevailing on the transaction date. Revenues and expenses are converted at transaction date exchange rates. All differences are recognized in earnings or loss in foreign exchange as appropriate.

Fair Value Measurements

A number of the Corporation's accounting policies and disclosures require fair value measurement for both financial and non-financial assets and liabilities. The fair value of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to their short term-to-maturity. The fair value of assets recognized in a business combination is based on fair market values. The fair market value of crude oil assets (included in property, plant and equipment) is estimated with reference to the discounted cash flows expected to be derived from crude oil and natural gas production based on independently prepared reserves reports.

Revenue Recognition

The Corporation sells its production of crude oil pursuant to variable price contracts. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location, and other factors. The amount of revenue recognized is based on the agreed transaction price with any variability in transaction price recognized in the same period. The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a result, The Group does not adjust its revenue transactions for the time value of money.

Revenues from the sale of crude oil and gas are recognized when the title has been transferred to the buyer, by means of the bill of lading document. Payments for the sale of the oil and gas are received either in advance or at the end of the following month. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for oil and gas products in the normal course of business, net of discounts, customs duties, sales, taxes, and royalties.

Transportation Costs

Transportation costs include trucking and pipeline tariffs to transport crude oil from the wellhead to the point of title transfer and for the wellhead to offloading stations and are recognized at the same time as the revenue.

Exploration and Evaluation ("E&E") Assets

E&E assets include all costs directly associated with the exploration and evaluation of crude oil and natural gas reserves. Such costs may include costs of license acquisition, technical services and studies, decommissioning liabilities, directly attributable general and administrative costs and exploration drilling and testing. Pre-license costs incurred prior to obtaining the rights to explore lands are recognized initially as E&E assets and if not successful, in the consolidated statements of income.

E&E costs are initially capitalized either as tangible or intangible E&E assets according to the nature of the assets acquired. The costs are accumulated in cost centers by well, field or exploration area pending determination of technical feasibility and commercial viability.

When E&E assets are determined to be technically feasible and commercially viable, the accumulated costs are transferred to oil and gas assets and are allocated to the corresponding cash generating unit ("**CGU**"). E&E costs are tested for impairment at the time of transfer and at each reporting date. When E&E assets are determined not to be technically feasible and commercially viable or the Group decides not to continue with its activity, the unrecoverable costs are included in the consolidated statements of income as exploration and evaluation expense.

Property, Plant and Equipment ("PP&E")

PP&E costs are classified as Development Assets, Exploration Assets, Materials Inventory and Supplies, Lands, Buildings, Pipeline, Construction in progress, Decommissioning Assets, Administrative Assets and Others.

Oil and gas assets include all costs directly associated with the development of crude oil and natural gas reserves. These expenditures include proved property acquisitions, development drilling and completions, gathering and infrastructure, decommissioning liabilities, and transfers from E&E assets where technical feasibility and commercial viability has been determined. Oil and gas assets are stated at cost. The initial cost of the assets comprises its purchase price or construction cost, as well as any cost directly attributable to bringing the assets into operation.

Gains or losses in the disposition of an item of PP&E are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognized separately in the consolidated statements of income in the period in which the disposition occurred.

Workovers/overhauls and maintenance

From time to time a workover or overhaul or major maintenance of existing oil and gas assets is required, which normally fall into one of two distinct categories. The type of workover dictates the accounting treatment and recognition of the related costs:

(i) Capitalizable costs

Costs will be capitalized where the performance of an asset is improved, where an asset being overhauled is being changed from its initial use, the assets useful life is being extended, or the asset is being modified to assist the production of new reserves.

(ii) Non-capitalizable costs

Non-capitalizable costs are the costs necessary to carry, operate, and maintain the functionality and appearance of an asset over its service life after its installation. For example, but not limited to, maintenance costs and workovers, are recognized within operating expenses in the consolidated statement of comprehensive income as incurred.

Depletion, depreciation, and amortization (DD&A)

Oil and gas assets are capitalized on an area-by-area ("component") basis. Costs accumulated within each oil and gas assets component are depleted using the unit-of-production method based on proved plus probable reserves using estimated future prices and costs. Costs subject to depletion include estimated future costs to be incurred in developing proved and probable reserves. Costs of major development projects are excluded from costs subject to depletion until they are available for use.

Proved and probable reserves are estimated using independent reserve engineer reports and represent the estimated, commercially producible, quantities of crude oil, natural gas, and natural gas liquids which geological, geophysical, and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs.

Administrative assets are generally depreciated on a straight-line basis over their estimated useful lives, which range from three to thirty years.

Depreciation rates, useful lives, and residual values are reviewed at each reporting date.

Leases

The Group leases various offices, facilities, machinery, and equipment. Lease contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance expenses. Both are recognized at commencement date based on the present value of lease payments over the lease term. The finance expense is charged to the Condensed Consolidated Statement of Income over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. 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, plant 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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable,
- variable lease payments that are based on an index or a rate,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

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. Low-value assets include IT equipment, tools and small items of office furniture.

Impairment of Non-Financial Assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amount of the asset is determined. E&E assets are assessed for impairment when they are reclassified to property, plant and equipment as oil and gas assets, and if facts and circumstances suggest that their carrying amount exceeds the recoverable amount.

For the impairment testing, assets are grouped together into CGUs, the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The recoverable amount of an asset or a CGU is the greater of its value in use and its fair value less costs of disposal ("**FVLCOD**"). For the Group's oil and gas assets, FVLCOD is determined based on the discounted estimated future after-tax net cash flows of reserves and resources using forward prices and costs, consistent with the Group's independent qualified reserves evaluators, and may consider an evaluation of comparable asset transactions.

E&E assets are allocated to related CGUs when they are assessed for impairment, both at the time of any triggering facts and circumstances as well as upon their eventual reclassification to producing assets (oil and gas assets, plant, and equipment). An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statements of operations. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Impairment losses recognized in prior periods, other than goodwill impairments, are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount that would suggest the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depletion, depreciation, and amortization, if no impairment loss had been recognized.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in banking institutions and cash on hand.

Inventory

Crude oil inventory consists of crude oil in transit, flow lines or in storage tanks at the reporting period date and is valued at the lower of cost, using the weighted average cost method, and net realizable value. Costs include direct and indirect expenditures incurred in bringing the crude oil to its existing condition and location.

Materials and other supplies held for use in the maintenance, the replacement cost of the materials may be the best available measure of their net realisable value.

When the circumstances that previously caused inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal cannot be greater than the amount of the original write-down, so that the new carrying amount will always be the lower of the original cost and the net realisable value.

Assets Held for Sale

Assets held for sale are classified as held for sale if carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is met when the sale is highly probable, and the asset is available for immediate sale in its present condition. For the sale to be highly probable management must have implemented a plan to sell the asset. The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value and the sale should be expected to be completed within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the carrying amount and fair value less costs to sell, with impairments recognized in the consolidated statement of comprehensive income (loss) in the period measured. Non-current assets held for sale are presented in current assets and liabilities within the balance sheet. Assets held for sale are not depleted, depreciated, or amortized. Income and expenses related to discontinued operations are classified as income (loss) from discontinued operations within the consolidated statement of comprehensive income (loss) and the consolidated statement of cash flows.

Purchased Oil

Purchased oil includes costs to buy third-party oil. These costs are initially recorded as oil purchased inventory until the crude oil title is transferred.

Financing Income and Expense

Interest comprises interest on bank deposits and loans. Interest income is recognized in the statement of comprehensive income as it accrues, using the effective interest method.

Financial Instruments

a) Classification and measurement

Financial assets

It is the Group's policy to initially recognize financial assets at fair value plus transaction costs, except in the case of financial assets recorded at FVTPL which are expensed in the statement of comprehensive income.

Classification and subsequent measurement are dependent on the Group's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Group may classify its financial instruments at amortized cost, fair value through statement of comprehensive income and at fair value through other comprehensive income ("**FVTOCI**").

All the Group's financial assets as at December 31,2020 satisfy the conditions for classification at amortized cost under IFRS 9. All derivative financial instruments measured at FVTPL have been settled as of January 1, 2021.

The Group's financial assets include cash and cash equivalents, deposits, long-term investments, accounts receivable, and if any, derivative financial instruments (risk management contracts). They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of comprehensive income and presented in finance income/costs.

Financial liabilities

Financial liabilities of the Group are classified and measured at fair value on initial recognition and subsequently at amortized cost net of directly attributable transaction costs, except for derivatives which are classified and subsequently recognized at fair value through the statement of comprehensive income.

Fair value gains or losses for financial liabilities designated at fair value through the statement of comprehensive income are accounted for as a profit or loss except for the amount of change that is attributable to changes in the Group's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in the statement of comprehensive income. The Group's financial liabilities include accounts payable, accrued liabilities and lease liabilities.

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss ("**ECL**") model. The ECL model is applicable to financial assets classified at amortized cost and contract assets under IFRS 15: Revenue from Contracts with Customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions, and forecasts of future economic conditions.

The Group applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for accounts receivable while the general approach is applied to cash and bank balances.

The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Group's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default ("**PD**"), loss given default ("**LGD**") and exposure at default ("**EAD**") for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period.

These three components are multiplied together and adjusted for forward-looking information, such as crude oil prices, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognized in the statement of comprehensive income.

c) Significant increase in credit risk and default definition

The Group assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Group identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 45 days past due for accounts receivable on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Group's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 365 days after the contractual payment period. Subsequent to default, the Group carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Group determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset, and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized as finance income/costs.

Financial liabilities

The Group derecognizes a financial liability when it is extinguished (i.e., when the obligation specified in the Contract is discharged or cancelled or expires). When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized immediately in the statement of comprehensive income.

e) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Group recalculates the gross carrying amount of the financial instrument and recognizes a modification gain or loss immediately within finance income/costs-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

f) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount is reported in the consolidated balance sheet. Offsetting can be applied when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

g) Derivatives

The Group may use derivative financial instruments to manage economic exposure to market risk relating to commodity prices, foreign exchange rates and interest rates. However, such contracts are not accounted for as designated hedges. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured to their fair value at the end of each reporting period. Any gains or losses arising from changes in the fair value of derivatives are recognized within finance income/ costs for the period.

h) Fair value of financial instruments

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When available, the Group measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, the Group establishes fair value using valuation techniques. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, and discounted cash flow analysis. The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Group, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments.

Inputs to valuation techniques reasonably represent market expectations and measure the risk-return factors inherent in the financial instrument. The Group calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price (– i.e., the fair value of the consideration given or received). However, in some cases, the fair value of a financial instrument on initial recognition may be different to its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognized in the statement of comprehensive income on initial recognition of the instrument. In other cases, the difference is not recognized in the statement of comprehensive income immediately but is recognized over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred, or sold, or the fair value becomes observable.

Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are not recognized for future operating losses.

Employee Benefits and post-employment benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or employment termination.

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 defined contribution plans' value (without discount) 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 of its workers as a consequence of their acquired right, according to 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 defined benefit plans as its obligations with each one of its workers as a 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. 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.

A qualified actuary currently carries out the calculation of the obligations for defined benefits to perform the necessary actuarial studies according to the IAS 19.

Termination benefits: The Group recognizes the benefits for the termination of the labour 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.

Decommissioning and Environmental Liabilities

The Group recognizes the estimated fair value of decommissioning liabilities associated with E&E and oil and gas assets in the period in which they are incurred, normally when the asset is purchased or developed. The fair value is capitalized and amortized over the same period as the underlying asset. The Group estimates the liability based on the estimated costs to abandon and reclaim the wells and well sites that are required to be abandoned under the terms of oil and natural gas contracts. Wells and well sites that the Group has acquired, constructed, drilled, completed workovers on, or performed enhancements to, are included in the estimate. This estimate is evaluated on a yearly basis and any adjustment to the estimate is applied prospectively. The liability is estimated by discounting expected future cash flows required to settle the liability using a risk-free rate. The liability accretes for the effect of time value of money until it is expected to settle. Actual decommissioning liabilities settled during the period reduce the decommissioning liability.

Environmental liabilities are recognized when the Group has a present legal or constructive obligation as a result of past events and the amount can be reliably estimated. These liabilities are in addition to the decommissioning liabilities due to government regulations that require the Group to perform additional mitigation against the environmental issues attributed to water usage and deforestation from oil and gas activities performed. In addition, the timing of expected settlement of the environmental liabilities differs from the timing of expected settlement of the decommissioning liabilities. These are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a financial expense.

Taxation

The tax expense represents the sum of the dividend tax, income tax currently payable and deferred tax. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Income Taxes

Income tax expense comprises current and deferred income taxes. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current income tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the primary financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Deferred income tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable Entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realized simultaneously.

Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the reporting date as well as the reported amounts of revenue and expenses during the periods presented. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements and actual results could differ materially from estimated amounts.

i. Oil and Gas Accounting – Reserves Determination

The process of estimating reserves is complex and requires significant estimates based on available geological, geophysical, engineering, and economic data. To estimate the economically recoverable crude oil and natural gas reserves and related future net cash flows, the Group incorporates many factors and assumptions including the expected reservoir characteristics, future commodity prices and costs and assumed effects of regulation by governmental agencies. Reserves are used to calculate the depletion of the capitalized oil and gas costs and for impairment purposes.

ii. Determination of CGU

The determination of CGUs requires judgment in defining a group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs are determined by similar geological structure, shared infrastructure, geographical proximity, commodity type, similar exposure to market risks. The determination of asset allocations into CGUs requires significant judgment with respect to the integration between assets, existence of active markets, similar exposure to market risks, shared infrastructure, and the way management monitors operations.

iii. Asset Impairments

In assessing the recoverability of oil and gas properties, each CGU's carrying value is compared to its recoverable amount, defined as the greater of its fair value less cost of disposal and value in use. In assessing recoverable values, the estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Recoverable value is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves.

In addition to estimates of oil and gas reserves as discussed above, key input estimates used in the determination of future cash flows for assessing asset impairment include the following:

a) *Petroleum and natural gas prices* – Forward price estimates of the petroleum and natural gas prices are used in the cash flow model. Commodity prices have fluctuated in recent years due to global and regional factors including supply and demand fundamentals, inventory levels, exchange rates, weather, economic and geopolitical factors.
b) *Discount rate* – The discount rate used to calculate the net present value of cash flows is based on estimates of an approximate industry peer group weighted average cost of capital. Changes in the general economic environment and/or rates of return expected by market participants could result in significant changes to this estimate.

iv. Functional Currency

The determination of the Group's functional currency requires analysing facts that are considered primary factors such as the currency of its revenues and operating costs, and if the result is not conclusive, secondary factors such as sources of debt and equity financing are considered. The analysis requires the Group to apply significant judgment since primary and secondary factors may be mixed.

v. Exploration and Evaluation Assets

The application of the Group's accounting policy for E&E expenditures requires judgment in determining whether it is likely that future economic benefit exists when activities have not reached a stage where technical feasibility and commercial viability can be reasonably determined. Factors such as drilling results, future capital programs, future

operating expenses, as well as estimated reserves and resources are considered. In addition, Management uses judgment to determine when E&E assets are reclassified to oil and gas assets. In making this determination, various factors are considered, including the existence of reserves, and whether the appropriate approvals have been received from regulatory bodies and the Group's internal approval process.

Changes in Accounting Policies

New Standards, Interpretations and Amendments Adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for January 1, 2021 reporting periods and have not been early adopted by the Group. Accordingly, these standards are not expected to have a material impact on the Entity in the current or future reporting periods and on foreseeable future transactions.

3 – Holder and Andina Acquisition

On October 1st, 2020 it was announced the agreement entered by OPC and The Carlyle Group associated to the sale of OPC onshore assets in Colombia to the Carlyle Group for total consideration of approximately $825 million, with $700 million up front and the remainder payable subject to certain production and commodity price targets. On December 18, 2020, the transaction was closed between OPC and the Carlyle Group whereby SCE (a company indirectly controlled by the Carlyle Group), acquired the entire share capital of SierraCol Energy Andina, LLC from Occidental International Holding Ltd. (“OIHL”) and thus acquired control of its subsidiaries and branches in Colombia.

The provisional workings of the fair value of the assets and liabilities identified in the assignment agreement is determined as follows:

$000 USD	**Holder**	**Andina**	**Total**
Current Assets	75,984	110,090	186,074
Other Long-Term Assets	23,130	29,745	52,875
Property,plant, and equipment [(1)]	167,780	1,194,114	1,361,894
Total Assets	**266,894**	**1,333,949**	**1,600,843**
Current Liabilities	79,529	106,308	185,837
Long-term Liabilities	47,712	295,801	343,513
Total Liabilities	**127,241**	**402,109**	**529,350**
Net Assets	**139,653**	**931,840**	**1,071,493**

A second close of the transaction, associated with the PUT-36 interests, will take place once the conditions established in the SPA are met.

[(1)] The valuations presented above are based on currently available information on the fair values as at the acquisition dates. The fair value of property, plant and equipment is based on estimates of future cashflows which is dependent on the Group´s current best estimate of commercially recoverable reserves, along with future commodity price assumptions and an appropriate discount factor. If new information becomes available within 12 months from the acquisition date, the Group may change the fair value assessment in the Purchase Price Allocation, in accordance with IFRS 3.

4 – COG Acquisition

On May 4th, 2021, Flamingo acquired COG Energy Ltd (“COG”), its subsidiaries and their respective branches that are oil & gas operating companies in Colombia (Colombia Energy Development Co “**Cedco**”, Global Energy Management Resources Colombia Inc. “**Global**”, Cinco Ranch Petroleum Colombia Inc “**Cinco Ranch**” and Lagosur Petroleum Colombia Inc “**Lagosur**”). This transaction was assigned by Flamingo to SCE.

This acquisition has been accounted as a combination among same group entities or businesses under common control using the predecessor accounting method.

$000 USD	COG
Current Assets	16,928
Long-Term Investments	1,486
Goodwill	2,650
Property, plant, and equipment	96,840
Total Assets	**117,904**
Current Liabilities	20,464
Long-term Liabilities	13,891
Total Liabilities	**34,355**
Net Assets	**83,549**
COG Accumulated Deficit	(27,186)
Total Consideration	**56,363**

The purchase consideration was in exchange for new shares of Flamingo (Jersey) Limited.

5 – Revenue

The Group recognizes revenue primarily from a) Oil crude sales, b) Gas Sales and c) Services.

The following table provides the disaggregation of the revenue from contracts with customers for the six months ended June 30, 2021:

	June 30, 2021
Sale of oil [1]	$ 384,095
Pipeline discount	(4,256)
Sale of natural gas	1,238
Other income	342
Total revenues and other income	**$381,419**

[1] Revenue for the period ended June 30, 2021 is the net between sales of oil $0.4 million and the Group booked and made oil and gas royalty payments to an entity controlled by certain directors of the shareholders and certain officers of the Corporation's subsidiaries in relation to a royalty agreement between this Entity and one of the Corporation's subsidiaries of -$0.1 million.

The Management believes that the Group has only one reportable operating and geographic segment as the exploration and production of oil and gas reserves are performed in the Llanos and Middle Magdalena Basins. All operations are classified as continuing operations.

The Board monitors the operating results of its operating segment for the purpose of making decisions and performance assessments. There is no need for separate segmental performance analysis because the Group considers that all their material revenues came from the Oil & Gas segment; however, the Board acts as the "Chief operating decision-maker" (**CODM**).

Detail of the oil revenue per customer is as follows:

	June 30, 2021
Ecopetrol	$ 375,854
Goam 1 CI SAS	8,342
Total sales of oil	**$384,196**

The Group applies the practical expedient described in paragraph 121 of IFRS 15. It does not disclose information on pending performance obligations since it recognizes revenue from continuing operations by the amount corresponding 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 control over the goods or services to the client.

6 – Property, Plant and Equipment

Additions and Transfers

For the six months ended June 30, 2021, property, plant, and equipment ("**PP&E**") additions are mainly related to assets acquired for the production and development assets, the environmental costs, civil works, and production facilities for the Cravo Norte, La Cira Infantas, Chipirón, Rondón, Cosecha, Teca, Rio Verde, Alcaraván, Hatos, Llanos 23 and Bolivar contracts.

On May 4th, 2021 following the COG acquisition (Note 4) a goodwill of $2.7 million was included.

Management completed a review of potential indicators of impairment at the reporting date and has decided to not record any impairments. The detailed PP&E movement is as follows:

Thousands		Lands	Materials inventory and Supplies	Buildings	Administrative Assets and Other (1)	Exploration assets	Production and Development Assets(2)	Construction in progress	Decommissioning and environmental Assets (3)	Others (4)	Rights of use	Total
Cost												
January 1, 2021 balance	$	**4,870**	**15,612**	**44,614**	**73,552**	**9,368**	**3,598,008**	**58,609**	**125,848**	**201,026**	**38,757**	**4,170,264**
COG Acquisition		-	-	446	44,514	16,688	146,450	6,033	3,079	42	2,078	219,330
Additions		-	-	-	9,298	748	185	43,726	3,036	-	-	56,993
Transfers		-	-	79	35	-	13,979	(14,093)	-	-	-	-
Retirement		-	-	-	-	-	(204)	-	-	-	-	(204)
Right of use cancellations(5)		-	-	-	-	-	-	-	-	-	(403)	(403)
June 30, 2021 balance	**$**	**4,870**	**15,612**	**45,139**	**127,399**	**26,804**	**3,758,418**	**94,275**	**131,963**	**201,068**	**40,432**	**4,445,980**
Accumulated Depreciation												
January 1, 2021 balance	$	**-**	**-**	**(39,283)**	**(52,507)**	**-**	**(2,563,629)**	**-**	**(35,747)**	**(151,564)**	**(26,440)**	**(2,869,170)**
COG Acquisition		-	-	(113)	(29,786)	(11,925)	(82,667)	-	(1,423)	-	(1,342)	(127,256)
Depreciation		-	-	(181)	(1,983)	-	-	-	-	-	-	(2,164)
Amortization		-	-	-	-	(39)	(79,386)	-	(4,170)	-	(2,567)	(86,162)
Retirement		-	-	-	-	-	30	-	-	-	-	30
DD&A June 30, 2021 balance	**$**	**-**	**-**	**(39,577)**	**(84,276)**	**(11,964)**	**(2,725,652)**	**-**	**(41,340)**	**(151,564)**	**(30,349)**	**(3,084,722)**
Net book value at June 30, 2021		**4,870**	**15,612**	**5,562**	**43,123**	**14,840**	**1,032,766**	**94,275**	**90,623**	**49,504**	**10,083**	**1,361,258**

(1) This balance includes computer and communication equipment, office equipment, vehicles and other equipment.
(2) Includes Development Assets and Pipeline.
(3) Within this category, the Branches of the Corporation recognize the Asset Retirement Obligation (ARO).
(4) Initial recognition of Fair value during conversion from COL PCGA to COL IFRS (Applies mainly to Andina branch for Cravo Norte, Rondón and Chipirón Assets) and Putumayo Acquisition.
(5) Corresponds to the cancellation of electric-submersible pumps contracts with Baker Hughes de Colombia, Alkhorayef Petroleum Colombia, and Schlumberger Surenco S.A.

7 – Discontinued Operations

Through one of its subsidiaries in Colombia, SCE has participation in Teca Cocorná contract, where operations are currently limited to care and maintenance and are not expected to be part of the future growth strategy of the Corporation. It was analysed accordingly with the guidance stated in IFRS 5 and due to the materiality, the Management took the election to not reclassify its balances as discontinued operations.

8 – Short and Long- Term Investments

Short-term investments include tax return certificates of $0.2 million as a result of a VAT refund, such certificates can be used to off-set future VAT and income tax returns or can be sold in the public market at a discounted rate.

Long-term investments consist of trust funds established to meet the requirements of the oil licences contracts in Colombia and also for the payment of Pension Liabilities. The Group maintains eight restricted trust funds for the future decommissioning obligations of Rio Verde, Alcaraván, Hatos, Cravo Norte and La Cira Infantas contracts, and two funds with non-specific destination for the payment of liabilities associated with pensions for Bogotá office and Cravo Norte eligible work force. Balance as of June 30, 2021 totalling $42.9 million with an average yield of 2.79 %.

All funds are administrated by authorized Trust entities in Colombia.

9 – Accounts Receivable

Accounts receivable includes Trade receivables that consist primarily of oil sale receivables related to the Group's oil sales and the joint agreements receivables associated with the oil licences contracts. Others receivable corresponds to VAT, Prepaid expenses, and advances to suppliers:

Accounts receivable:	June 30, 2021	January 1, 2021
Trade receivables	61,740	23,236
Various debtors	4,899	1,102
Joint agreements	9,404	8,269
Tax withholding dividend	-	26,802
Others	280	306
Short-Term Total	**$ 76,323**	**$ 59,715**
Crude oil account receivable [(1)]	6,278	6,278
Loans to Employees	1,450	498
Long-Term Total	**$ 7,728**	**$ 6,776**

[(1)] Related to the transportation contract with Ecopetrol (Caño Limon-Coveñas pipeline), the receivable by 298k Bbls is expected to be settled once the contract finish.

10 – Other Current Assets

Other current assets include prepaid and tax receivable as follows.

Prepaid expenses and deposits:		
Prepaid Insurance [(1)]	3,737	9,279
Value added taxes (VAT) [(2)]	3,109	89
Prepaid software [(3)]	1,578	-
Other prepaids [(4)]	1,244	393
Advances to vendors	213	-
Total	**$ 9,881**	**$ 9,761**

[(1)] Insurance premiums paid in connection with the new risk management program which have been amortized over the six months of 2021.
[(2)] Six months period ended June 30, 2021 includes VAT returns that are in the process of being recovered or offset with the DIAN (Dirección de Impuestos y Aduanas Nacionales). The VAT balance in favor is expected to be received in Q4 2021.

[3] Landmark and SAP software licenses payments made at the beginning of the year to be amortized across the year
[4] Energy infrastructure payment to Intercolombia, it will be amortized in one year.

Tax receivable of $2.5 million corresponds to the income tax receivable as a result of withholding tax incurred in Colombia for the oil sales and the income tax advance paid during 2021 that should be applied to the 2022 income tax return. Receivable balance as of December 31, 2020 corresponds to Andina and was received during the six months of the year

Income tax receivable:		June 30, 2021		January 1, 2021
Withholding and Income tax receivable		2,550		10,212
Total	$	**2,550**	**$**	**10,212**

All tax receivables are expected to be received within the next 12 months and are thus recognized as current assets.

11 –Inventories

Inventories includes the crude oil inventory and materials and supplies.

Inventories		June 30, 2021		January 1, 2021
Crude oil inventory [1]		1,915		2,873
Materials and supplies stock [2]		24,412		27,423
Total	$	**26,327**	**$**	**30,296**

[1] Crude oil inventory consists of crude oil in field tanks and transit at the balance sheet date and is valued at the lower of cost, using the weighted average cost method, and net realizable value. Costs include direct and indirect expenditures incurred in bringing the crude oil to its existing condition and location.
[2] Materials and supplies to be used in maintenance for the wells, workovers, and facilities.

12 – Decommissioning and Environmental Liabilities

As of June 30, 2021, the estimated future discounted decommissioning liability is summarized below:

		Decommissioning		Environmental		Total
As of January 01, 2021	**$**	**139,165**	**$**	**7,115**	**$**	**146,280**
Additions COG acquisition		9,372		2,000		11,372
Additions of the period		-		42		42
Change in estimate - Inflation and discount rates		771		(779)		(8)
Accretion expense		3,457		175		3,632
As of June 30, 2021	**$**	**152,765**	**$**	**8,553**	**$**	**161,318**

Asset retirement obligations represent the present value of decommissioning and environmental liability costs relating to oil and gas properties, expected to be incurred between 2022 and 2037 in Colombia.

Cash flows are expected to occur in a variety of countries and currencies, and the discount and inflation rates are chosen in association with the currencies in which the liabilities are expected to be settled. The future decommissioning costsand environmental liabilities are discounted to arrive at the present value using:

- A risk-free rate between 1.64% and 2.83% and an inflation rate between 2.20% and 2.50% for cash flows expected to be settled in U.S. dollar.
- A risk-free rate between 1.73% and 6.76% and an inflation rate between 2.43% and 2.96% for cash flows expected to be settled in COP.

13 – Long Term Notes

On June 14th, 2021, one of the subsidiaries of the Corporation issued $600 million of senior notes at 6.00% coupon, due on 2028 (the "Notes"). The interest is payable semi-annually in arrears on June 15 and December 15 of each year and will mature on June 15, 2028, unless earlier redeemed or repurchased. The notes were rated by Fitch as B+ and Moody's as B1.

The Notes were initially recognized net of an original issue discount of -$4.2 million, and directly attributable transaction costs of -$13.6 million, primarily related to underwriter, legal and other professional fees and $0.9 million related to interest payable. The Notes rank equal in right of payment with all the Group's existing and future senior debt and are guaranteed by the Corporations's principal subsidiaries.

14 – Employee Benefits and Pension Liability

	June 30, 2021	January 1, 2021
Salaries, bonuses, and other short-term benefits	9,730	9,655
Severance [1]	284	365
Pension liability [2]	7,276	7,962
Short-term benefits and liability	**17,290**	**17,982**

	June 30, 2021	January 1, 2021
Severance [1]	196	214
Pension liability [2]	18,227	20,514
Long-term benefits and liability	$ **18,423**	**$ 20,728**

(1) This balance includes the short-term liability for the retroactivity of the severance package, this is settled for those employees who belong to the labour regime previous to Law 50 of 1990 and that did not embrace the regime change, to whom this social benefit is settled for all the time worked based on the last earned salary.
(2) This benefit applies to the eligible employees who meet the conditions ruled by the Colombia Law before the issuance of Law 100/93. The Group makes the contributions according to its share on each association contract, for which worked the 58 employees who have obtained a pension. The benefits plan includes the payment of between thirteen (13) and fourteen (14) pension allowances (depending on the legal regime) per year, as well as pre-paid healthcare, educational aid, and contributions to the fund of employees "Fodesi". Some of the pensioners also get an additional benefit related to the mandatory health care plan which is covered by the group.

Employee salaries, bonuses and short-term benefits are included in production and administrative expenses in the condensed consolidated statement of income and comprehensive income.

15 – Short and Long Term Accounts Payable and Accrued Liabilities and Derivative Financial instruments

Accounts payable primarily consists of capital, operating and administrative expenses incurred but not yet settled. All the accounts payable and accrued liabilities are expected to be settled within one year. Additional includes the withheld amount to guarantee full compliance with the performance obligations of the vendor based on provisions included in some contracts. The Group classify as the current portion of this liability, the amount to be reimbursed to the vendors during the twelve months following the reporting date, in those cases in which the vendors have complied with the provisions of the contracts. These withholdings are subjected to be refunded once the contract with the vendor is terminated or the conditions are meet.

The following table shows the breakdown of Accounts Payable and Accrued Liabilities:

Accounts payable and accrued liabilities	June 30, 2021	January 1, 2021
Trade and other payables [1]	76,514	84,497
Contingent consideration [2]	55,000	-
Accounts payable related to withholding tax	29,533	47,068
Supplier holdback and advances	6,809	-
Joint ventures & partnerships	6,485	4,545
Accrued liabilities	6,109	-
Short – Term Total	**$ 180,450**	**$ 136,110**

Accounts payable and accrued liabilities	June 30, 2021	January 1, 2021
Contingent consideration [2]	70,000	125,000
Withholding tax from foreign vendors	2,574	3,006
Trade and other payables [3]	1,700	-
Accrued liabilities	-	560
Long – Term Total	**$ 74,274**	**$ 128,566**

[1] The Corporation, through one of its subsidiaries in Colombia, has entered into certain contracts with customers for the sale of crude oil. Through these contracts, customers pay a series of advances in exchange for the delivery of crude oil during the term of each Contract. These funds correspond to advances received from VITOL COLOMBIA C.I SAS for $ 3.6 million. Vitol's liabilities were settled during the first quarter of 2021. In December 30,2020, a new contract was started, which will end until January, with GOAM 1 C.I SAS.

[2] The Sale and Purchase Agreement ("SPA") executed between OPC and SCE includes a contingent component of the consideration which is payable to OPC subject to certain production and commodity price targets. The contingent consideration recognized as short-term liability is associated with the first contingent payment period, remaining value is included as a long-term liability.

[3] A contingent consideration creditor relates to the Bolivar earnout in respect of the Nautilus acquisition whereby COG would have to pay an additional $1.7 million to Nautilus in the event of an extension of Lagosur' s exploration and/or production rights to the Bolivar block beyond the current termination date of the Contract.

A derivative financial instrument of $14 million was included in June 2021 related to the hedges to cover fluctuations in the crude oil price.

16 – Financial Risk Management Contracts

The Corporation, through its subsidiary in Switzerland, has entered into certain financial derivative contracts to manage its exposure to market risks associated with fluctuations in the crude oil price. The Corporation has not applied hedge accounting for these financial derivative contracts . As a result, all derivative contracts are classified at fair value through profit or loss and are recorded in the consolidated statements of financial position at fair value.

The following is a summary of the ICE Brent priced crude oil risk management in place on June 30, 2021:

			$/Bbl		
Tenor	**Volume (Bpd)**	**Sold Put**	**Purchased Put**	**Sold Call**	**Premium**
2H 2021	2,283	40.0	50.0	70.0	(0.64)
2H 2021	2,283	45.0	55.0	70.0	(0.90)
2H 2021	1,142	45.0	55.0	75.0	(0.94)
2H 2021	3,262	-	50.0	78.0	(0.18)
1H 2022	2,323	40.0	50.0	75.0	(1.69)
1H 2022	2,323	45.0	55.0	75.0	(2.00)
1H 2022	3,319	37.5	50.0	91.0	(0.50)

17 – Taxation

The group is subject to both UK tax and Colombian tax. For UK tax at the level of the two UK holding companies and Colombian tax by virtue of the assets held and the operations performed there. The group has registered an operating branch in Colombia, from which these operations are performed.

The standard Colombian income tax rate for 2021 is 31% and 30% from 2022 onwards.

The standard UK tax rate for 2021 is 19%. The following is a reconciliation of income taxes calculated at the UK tax rate to the tax expense for 2021:

	June 30, 2021
Income before taxes	152,894
Statutory income tax rate	19 %
Income tax expense	29,050

		June 30, 2021
Add (deduct):		
Higher overseas tax rates		31,246
Non-deductible expense		4,737
Non-deductible capex future		6,212
Foreign exchange impact on foreign currency denominated tax pools		(3,767)
Deferred Tax		17,491
Others		(1,162)
Dividend tax		14,107
Total tax expense	**$**	**97,914**

Taxation		June 30, 2021
Current income tax	$	66,316
Deferred Income tax		17,491
Dividend tax		14,107
Total	**$**	**97,914**

Dividend Tax is being recognized in Arauca and Andina, $8.5 million and $5.5 million respectively for a total of $14.1 million.

Income tax payable movement during the year is as follows:

Income Tax		June 30, 2021
Balance as of January 01, 2021	**$**	(52,556)
Additions		(80,423)
Cash paid /WHT utilised		49,556
Dividend tax paid		25,493
Offset with prepaid taxes		10,212
Exchange difference		(5,122)
Total tax movement	**$**	**(52,840)**

Deferred tax liability recognizes the temporary differences using the balance sheet method, including Property, Plant and Equipment of previous years and additions of 2021 along with the effect of foreign exchange and decommissioning liability accretion as follows:

Deferred tax liability		June 30, 2021
Decommissioning liability	**$**	46,240
Inventory		4,020
Loss – carryforwards		1,578
Total Deferred tax assets	$	51,838
PP&E and E&E assets		(247,507)
Others		12,344
Total Deferred tax liability	$	(235,163)
Net Deferred tax liability	**$**	**(183,325)**
Deferred tax expense		
Decommissioning liability		(428)
Inventory		5,484
Loss - carry forwards		816
Deferred tax assets	$	**5,872**
Property, plant and equipment		3,659
Other		(7,980)
FX for the liability		15,940
Deferred tax liability		**11,619**
Deferred Income Tax	**$**	**17,491**

The deferred tax asset generated by Lagosur, Cinco Ranch, Global and Condor branches is not recognized. Management has evaluated and concluded that, given the uncertainty of future profits, under a conservative position is not likely recoverable in the short-term; therefore, it is only recognized until the liability concurrence, so the net effect is nil.

17.1 - Effects of Colombia Tax Reform:

In October 2019, the Constitutional Court declared the Financing Law (Law 1943, 2018) unenforceable; the principles of publicity and consecutiveness were unknown, leaving the tax regulations in force until December 31, 2019. Consequently, the National Government issued the Law 2010, 2019 called "Economic Growth Law," which incorporates, among others, the following points from January 1, 2020, onwards:

- Income Tax Return Rate: Tax provisions applicable to the Branch establish that the Branch' income tax must be settled at a general rate of 32% for the year 2020, subsequently, this rate will be reduced gradually: 31% for F.Y. 2021 and 30% from 2022 onwards.

- Presumptive Income Rate: The presumptive income rate has been gradually reduced for the fiscal year 2020. The presumptive income tax rate was 0.5% and will be deleted from the year 2021 onwards.

- Capital Gains: The capital gains received are taxed at the 10% rate.

- Tax Credits: The tax losses determined as of 2017 can only be offset with taxable income obtained within the following twelve (12) years; carryback of losses is not allowed by the Colombian Tax Law. The term to offset any excess of presumptive income will continue to be five years as of the time on which they were determined. These tax credits cannot be readjusted for tax purposes. On the other hand, tax losses determined for income tax and CREE tax purposes as of 2016 can be offset without any timing limitations, but subject to the application of the transition regime set forth under the tax reform Law 1819, 2016.

- The general statute of limitation of Tax Returns: The general statute of limitations of the tax returns will be three years from the date of expiration to file or from the filing date, when this is untimely. When the tax return has a balance in favor, this term will be considered as of the date of filing of the request for the refund of said balance in favor. In any case, when the Branch is subject to the transfer prices regime, the statute of limitations will be of five years.

- Recognition and measurement system: According to the changes introduced through Law 1819, 2016, for income tax purposes, the value of assets, liabilities, equity, income, costs, and expenses, must be determined in accordance with the currently in force recognition and measurement systems, the accounting and technical regulations in Colombia – IFRS. The application of the rules set forth under IFRS shall proceed whenever the tax law expressly refers to them and in cases where the tax law does not regulate the matter, notwithstanding any exceptions set forth by the law and the provisions of article 4 of Law 1314, 2009.

17.2 - Transfer Prices:

Arauca, Andina and Condor for fiscal year 2020 will be filed during September 2021. These branches did not realize transactions with foreign related parties, free tax zones, or territories certificated by the National Government as non-cooperating tax jurisdictions.

17.3 - The General Statute of Limitation of Tax Returns:

According to article 147 of the Colombian tax statute, the statute of limitations of the tax returns that determine or offset any tax losses will be five years from the date on which the return was filed. The tax losses determined as of 2017 can be offset with taxable income obtained within the following twelve years. Finally, the general term will be three years from the expiration date to file or from the filing date, when this is untimely.

The income tax returns for the years 2016, 2017, 2018, 2019 and 2020 are subject to review and acceptance by the tax authorities.

17.4 - Tax Credits:

The value of tax losses and excess of presumptive income of Cedco, Lagosur, Cinco Ranch, Global and Condor are as follows: $5.6 millon, $2.6 million, $1.5 million, $2.4 million and $1.9 million, respectively for a total of $14 million.

18 – Investments

The consolidated financial statements include the financial statements of SCE Ltd and its subsidiaries as of June 30, 2021. The following is a list of the SCE's direct subsidiaries:

Subsidiary	Country of Incorporation	Principal Activities	Ownership	Address
Flamingo Swissco AG (Swissco)	Switzerland	Financial and consulting services	100%	C/O BK-Services AG Baarerstrasse 8 6300 Zug
SierraCol Energy Holder Ltd (Holder)	Bermuda	Holding	100%	Citco (Bermuda) Limited O'Hara House, 3 Bermudiana Road, Hamilton, Hm08, Bermuda
SierraCol Energy Andina, LLC (Andina)	Delaware	Oil & Gas	100%	C/O The Corporation Trust Company Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
SierraCol Energy Finance plc	United Kingdom	Holding	100%	1 St James's Market, London, Greater London, United Kingdom, SW1Y 4AH
COG Energy Limited (COG)	Cayman	Oil & Gas	100%	C/O Maples Corporate Services Limited Ugland House 121 South Church Street PO BOX 309 Cayman Islands

(*) SierraCol Energy Finance plc was struck off on September 14, 2021.

19 – Share Capital and Contributed Surplus

Common shares	Number	$
Balance as of January 1st , 2021	**369,910,003**	**369,910**
Equity contribution	57,572,925	60,763
Capital reduction	-	(430,246)
Balance as of June 30, 2021	**427,482,928**	**427**

As of June 30, 2021, the Carlyle Fund owned 99.14% of the outstanding shares of the Corporation.

20 – Related-Party Disclosures

Significant Subsidiaries

The interim statements include the financial statements of the subsidiaries listed in Note 18. Transactions between subsidiaries are eliminated upon consolidation.

Parent and Significant Influence entities

The following transactions were carried out with related parties:

	June 30, 2021	January 1, 2021
Management Services [(1)]	$ 875	$ -
Loans Payable [(2)]	(195,748)	-

Loans Receivable [3]	5,268	-

[1] During the six-month ended June 30, 2021, the Corporation booked $0.9 million in fees for management services provided to Andina, Arauca and Condor Branches.
[2] Related with the Intra-Group Loan Agreement dated June 22, 2021, as a revolving credit facility between SierraCol Energy Limited (Borrower) and SierraCol Andina LLC (Lender).
[3] Related with the Intra-Group Loan Agreement dated January 11, 2021, between SierraCol Energy Limited (Lender) and Flamingo Swissco AG (Borrower).

21 – Financial Instruments and Financial Risk Management

The carrying values and respective fair values of financial assets and liabilities as of June 30, 2021 and January 1, 2021 are summarized as follows:

	Carrying Value		Fair Value	
Financial assets at amortized cost:	June 30, 2021	January 1, 2021	June 30, 2021	January 1, 2021
Cash and cash equivalents	$ 233,037	$ 109,485	$ 233,037	$ 109,485
Prepaid expenses and deposits [1]	6,772	9,672	6,772	9,672
Long-term investments	42,891	46,751	42,891	46,751
Accounts receivable	76,323	59,715	76,323	59,715
Financial liabilities at amortized cost:				
Accounts payable and accrued liabilities	$ 180,540	$ 136,110	$ 180,540	$ 136,110

[1] Excluding VAT and CREE receivables

SCE classifies the fair value of financial instruments measured at fair value according to the following hierarchy based on the number of observable inputs used to value the instrument:

- Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 – Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 – Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The Group's financial instruments have been assessed on the fair value hierarchy described above. Long-term investments are classified as Level 2. There has been no reclassification of financial instruments into or out of each fair value hierarchy during the year ended January 1, 2021. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy level.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework and monitors risk management activities. Management identifies and analyses the risks faced by the Group and may make use of financial instruments to mitigate risks identified.

The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, foreign currency risk, commodity price risk and interest rate risk. Information about the Group's exposure to each of the above risks, and the Group's objectives, policies, and processes for measuring and managing risk is presented below.

Credit Risk

Credit risk is the risk that the Group will not be able to collect amounts owed as they are due. The Group has credit risk on cash and cash equivalents, short and long term investments and trade and other receivables. The Group

manages the credit exposure related to short and long term investments by selecting counterparties based on credit ratings and monitors all investments.
Crude oil production is sold using market-based prices adjusted for quality differentials and for transportation costs when sold at the wellhead. The Group currently has contracts in place with five main counterparties. Management does not anticipate non-performance by any of the counterparties.
The Group's policy to mitigate credit risk associated with the above-mentioned areas of risk is to establish marketing relationships with large purchasers and negotiate early payment or weekly payments on the oil delivery. The Group historically has not experienced any collection issues with its crude oil customers. As of June 30, 2021, none of the crude oil receivables are impaired, or past due.

The carrying amount of trade and other receivables and cash and cash equivalents represent the maximum credit exposure.

Impairment of financial assets

The Group has two types of financial assets that are subject to IFRS 9's new expected credit loss model:

Financial assets at amortized cost
- Cash and cash equivalents
- Accounts receivable
- Long-term investments

Cash and cash equivalents

	June 30, 2021	January 1, 2021
Cash and bank balances AAA (Fitch ratings)	$ 233,037	$ 109,485

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial due to the strong external credit ratings noted above.

Accounts receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. All other receivables are short term, and therefore expected credit losses are measured over the remaining life of term.

To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics and the days past due.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Long-term investments

	June 30, 2021	January 1, 2021
Long-term investments (Fitch ratings) AAA (col)	$ 42,891	$ 46,751

While long-term investments are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial due to the strong external credit ratings noted above.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they are due. The Group's approach to managing liquidity is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions.

The Group prepares annual capital expenditure budgets, which are monitored regularly and updated as necessary. Crude oil production is monitored daily to provide current cash flow estimates and the Group utilizes authorizations for expenditures on projects to manage capital expenditures.

The following table provides a maturity analysis for the Group's current and non-current liabilities as of January 1, 2021:

	Less than 1 year	1-2 years	Greater than 1-2 years	Total
Accounts payable and accrued liabilities	225,334	-	1,017,248	1,247,022
Tax payable	52,840	-	-	52,840
Total	**278,174**	**-**	**1,017,248**	**1,295,422**

Foreign Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. The Group is exposed to foreign currency fluctuations as certain expenditures are denominated in Colombian pesos As of June 30, 2021, the Group had no foreign exchange derivative contracts in place.

Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Commodity prices for crude oil are impacted by world economic events that dictate the levels of supply and demand. From time to time the Group may attempt to mitigate commodity price risk using financial derivatives.

The table below summarizes the expense paid on the commodity risk management contracts that were in place during the six months ended June 30, 2021:

		June 30, 2021
Premium paid	$	4,587
Anticipated cancelation [1]		975
Total	**$**	**5,562**

[1] Corresponds to the unwinding of the Natixis hedges originally intended to cover 1H22

Interest Rate Risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group is exposed to interest rate cash flow risk on its investments.

The Group's exposure to interest rate risk is considered low for the following reasons. The Group has debt at a fixed rate. The Group has long-term investments which are held in trust with a third party for specific intended uses related to employee pension and abandonment liabilities in the future, and as such are not subject to significant interest rate risk.

22 – Capital Management

The Group's objectives when managing capital are to: i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and ii) maintain an optimal capital structure to reduce the cost of capital.

The Group's working capital, calculated as current liabilities less current assets, and share capital are summarized in the following table:

	June 30, 2021	January 1, 2021
Current liabilities	$ (278,174)	$ (217,142)
Less: current assets	348,273	219,469
Working capital surplus	**70,099**	**2,327**
Share capital and share premium	427	369,910

23 – Commitments and Contingencies

Exploratory Commitments

The Corporation has net “Exploratory Commitments” for the contracts listed below, which are not included in the financial statements as liability:

Contract	Concept	US$
Putumayo-8	(*) Phase 1 & 2) 3D Seismic acquisition 112 kms2 and three exploratory wells	$13.1 million
Putumayo-9	(*) Phase 1) 3D Seismic acquisition 127 kms2 and two exploratory wells Phase 2) Two exploratory wells	$10.6 million
Putumayo-36	(*) 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 105.6 km² of 3D seismic and to drill two wells,	$9.5 million
Mecaya	(*) Phase 1 & 2) 3D Seismic acquisition 52 kms2 The exploration program is currently suspended while the required consultations with communities in the area are being carried out.	$2.0 million
	Phase 3) 3D Seismic acquisition 31.25 kms2 *Phase 4) One Exploratory well*	*$0.5 mm* *$2 mm*
Terecay	(*) Phase 1) 2D Seismic acquisition 476 kms The exploration program is currently suspended due to *force majeure*.	$4.0 million
	Phase 2) Two exploratory wells *Phase 3) Two exploratory wells*	*$5.5 mm* *$5.5 mm*
Tacacho	(*) Phase 1) 2D Seismic acquisition 480 kms The exploration program is currently suspended due to *force majeure*.	$4.1 million
	Phase 2) Two exploratory wells *Phase 3) Two exploratory wells*	*$5.5 mm* *$5.5 mm*
Llanos 39	(*) Phase 1) 3D Seismic acquisition 370 kms2 and two exploratory wells	$10.4 million
	Phase 2) Two exploratory wells or one exploratory well and the withdrawal of 50% of the remaining area	$3 mm or $1.5 mm, respectively
Llanos 52	(*) Phase 1) 3D Seismic acquisition 292 kms2 and two exploratory wells	$9.4million
	Phase 2) Two exploratory wells or one exploratory well and the withdrawal of 50% of the remaining area	*$3 mm or $1.5 mm, respectively*
Llanos 23	(*) Phase 1 and 2 Unified) 3D Seismic acquisition 138 km2	$6.5 million

(*) After the end of the current phase the Group can decide to continue with the next phase; Letters of credit are issued to support current phase commitments.

The Group is involved in various claims and litigation arising in the normal course of business. Since the outcome of these matters is uncertain, there can be no assurance that such matters will be resolved in the Group's favour. The Group does not currently believe that the outcome of adverse decisions in any pending or threatened proceedings related to these and other matters or any amount which it may be required to pay by reason thereof would have a material impact on its financial position, results of operations, or cash flows.

24 – Leases

In the normal course of business, The Group has entered into arrangements and incurred obligations that will impact the Group's future operations and liquidity. These commitments include leases for office space, equipment and others.

The existing minimum lease payments for office space and accommodations on June 30, 2021 are as follows:

		2021	2022	**Total**
Office rentals	$	5,269	5,058	**10,327**

The Group has decided to cancel the leases for the Cedco, LCI and TECA offices in 4Q 2021.

25 – Post Balance Sheet Events

The corporation is improving its corporate structure and is working to perform the liquidation of two entities registered in Bermuda, SierraCol Energy Block LLA 52 Ltd and SierraCol Energy Block LLA 39 Ltd. The interest hold in both entities will be contributed at the end of the process to SierraCol Energy Condor, LLC.

In addition, the Group is working with Ecopetrol to complete the steps required to end all obligations acquired by Cinco Ranch Petroleum Colombia Inc, Sucursal Colombia in connection with the Asociation Contract Bocachico.

Currently, the Colombian Government is proposing a change in the tax ruling increasing, among others changes, the Tax income rate from 32% to 35%.

SierraCol Energy Finance plc was struck off on September 14, 2021.

26 – Ultimate Controlling Party

SCE Limited is controlled by its immediate parent entity – Flamingo Midco Limited. The ultimate parent company of Flamingo Midco Limited is The Carlyle Group.