SierraCol reports third quarter 2022 results

- **Significant progress in reduction of CO_2e emissions. We anticipate a reduction of 30 – 35% for 2022 from 2020 baseline. On track to deliver on our 50% reduction goal for 2023**
- **Company introducing Share Before Royalties ("SBR") disclosure to align to industry practice and improve market disclosure**
- **SBR production of 43.5 kboed, up 2% from last quarter, in line with re-expressed guidance of 43 – 45 kboed (equivalent to original guidance of 32 – 34 kboed net)**
- **Capital and exploration expenditures guidance revised up to $205 – $215 million from $185 – 205 million**
- **Adjusted operating netback of $75.0/boe in 3Q22**
- **Adjusted EBITDAX of $204.5 million in 3Q22 and latest-twelve-months figure of $802.1 million**
- **Lowest net leverage since SierraCol's inception at 0.4x in 3Q22 with $302.5 million of cash and cash equivalents in the quarter. Total liquidity of $359 million**
- **New uncollateralised bilateral bank facility of $8 million for SBLC's to support exploration and abandonment commitments**
- **New dividend policy in place to provide clear framework of dividend distributions in line with disciplined financial practice**
- **Bolívar contract extended to 2035 or to its economic limit**
- **Rondón contract extended to 2038**
- **COS G Norte oil discovery in Caño Limón area in October 2022**

London, UK, 9 November 2022, SierraCol Energy Limited (the "Company"), the direct parent of SierraCol Energy Andina, LLC, reports its operational and financial results for the three-month and nine-month periods ended 30 September 2022 ("3Q22" and "9M22", respectively). A conference call and webcast for bondholders and analysts will be held on Thursday, 10 November 2022 at 10:00 a.m. Eastern Time.

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

Management has decided to introduce Share Before Royalties ("SBR") production as a key metric for analysis. SBR production disclosure aligns to industry practice and improves market disclosure of our production share before royalties and contractual price effects clauses.

Strong quarter

- 3Q22 gross production of 80.1 kboed, up 2% vs last quarter; 9M22 gross production was 81.4 kboed, down 1% vs 9M21.

- SBR production was 43.5 kboed in 3Q22, up 2% vs 2Q22 mainly due to production recovery in La Cira Infantas after April's events and better performance from the REX-NE wells and workover jobs in the Caño Limón area.
- 9M22 SBR production was 44.3 kboed, up 4% from 9M21.
- 3 active rigs during the quarter drilled 5 wells in the Caño Limón area and 8 wells in La Cira Infantas. 17 workovers completed in 3Q22.
- Stable operation in the Caño Limón-Coveñas ("CLC") pipeline. All crude was transported through the CLC pipeline.

Unlocking growth opportunities

- In August 2022 we reached an agreement with Ecopetrol to extend the Bolívar contract term to 2035 or to its economic limit, whichever occurs first, for a cash consideration of $2 million and a 2% to 5% over-riding royalty interest. The commitments include the drilling of one development well, one exploration well and 78 km^2 of 3D seismic to be executed within 3 years after closing the deal. We hold 100% working interest in the block. The redevelopment of the Catalina field started with the Catalina-2 horizontal well, drilled from August until late October. Completion finished in early November. Well testing is ongoing.
- In September 2022 we reached an agreement with Ecopetrol to extend the Rondón contract term to 2038, with a 35% working interest in the block (previously at 50%). SierraCol agreed to an investment commitment of $30 million to be executed during the next 2 years, which includes one exploration well, 2 development wells and a workover campaign of 5 jobs. A high-price clause was included in the contract with a trigger Brent price of $100/bbl. The contract extension is subject to anti-trust approval.
- Subsequent to the quarter-end, we had successful drilling efforts in the Cosecha block that led to oil discovery from the COS G Norte new well in the Caño Limón area. The well found oil in the K2 formation. Production started in October and well is still stabilizing. Initial flow rate of 360 boed of light oil. Well testing is ongoing.
- Renewed offtake contract for the Caño Limón area crude with Ecopetrol came into effect in July 2022, with similar contractual terms to the previous agreement, and it is valid for two years until June 2024.
- During the quarter we reached an agreement to renew the offtake contract for the La Cira Infantas crude with Ecopetrol for the Barrancabermeja Refinery. The contract has similar terms to its predecessor. The contract came into effect in October 2022, and it is valid for two years until September 2024.

Committed to ESG goals

- SierraCol is on track to deliver an ambitious target of 50% reduction in CO_2e emissions by 2023: after quarter-end we received confirmation from our power supplier that electricity purchased for the Caño Limón area is 100% produced from renewable sources (compliant with

I-REC Standard), which further reduces our CO_2e footprint. We anticipate a reduction in emissions of 30 – 35% in 2022 from the 2020 baseline.

- The first meeting of the recently created ESG Committee of the Board of Directors was held in 3Q22. This committee provides the Board with direct engagement with ESG related topics.
- Subsequent to the quarter-end, we released the 2021 Sustainability Report on 5 October.

Robust financial results

- Average realised price of $92.6/boe vs Brent of $97.7/bbl for 3Q22.
- Revenue from oil sales was $258.0 million, down 11% vs 2Q22 mainly due to lower realisations as a result of a lower Brent price (-13% q/q).
- Best-in-class netbacks (over net sales) with Adjusted operating netback of $75.0/boe and Operating netback of $73.4/boe for the quarter, and of $80.2/boe and $73.0/boe for 9M22, respectively.
- Adjusted EBITDAX of $204.5 million for 3Q22 and $639.2 million for 9M22.
- Free Cash Flow of $129.1 million for 3Q22 and $283.9 million for 9M22[1].

Ample liquidity and low net leverage

- Net debt of $300.7 million with cash and cash equivalents of $302.5 million.
- Lowest net leverage of 0.4x since SierraCol's inception.
- Total available liquidity is $359.0 million as a result of cash and cash equivalents plus $56.5 million unused RCF[2].
- New uncollateralised bilateral bank facility of $8.0 million to issue letters of credit (contingent debt) for exploration and abandonment commitments, further enhancing capital structure and finance costs.
- New dividend policy in place to provide clear framework of potential dividend distributions.
- Considering available liquidity, low net leverage, and meeting business requirements, the Board may decide to distribute dividends in December.

Hedging programme

- As of the date of this document, for period of 4Q22-2Q23 we have hedged 40% of our production, with a weighted average long put strike price of $61.5/bbl. The following table shows the percentage of hedged volumes and weighted average long put strike price per quarter:

	4Q22	1Q23	2Q23	4Q22-2Q23
Hedged volumes (%)	52%	36%	30%	40%
Weighted average strike ($/bbl)	62.0	61.9	60.0	61.5

[1] Free Cash Flow for 9M22 presented before $55.0 million contingent payment to Oxy in 1Q22.
[2] The original amount of the RCF was $80.0 million of which 37.5% is peso-denominated. The current available amount of the RCF reflects the COP/USD exchange rate as of 30 September 2022 and used $18.2 million towards letters of credit.

- We will continue to monitor the market and exercise our judgement to enter into new hedging positions when we consider appropriate.
- Some of our long put positions include short puts, with a weighted average short put strike price of $49.3/bbl over 30% of hedgeable volumes for 4Q22-2Q23.
- A small portion of short call positions remain open, with a short call strike price of $70/bbl over 5% of hedgeable volumes for 4Q22. We have not entered into new short call positions beyond 4Q22, leaving full exposure to higher oil prices in 2023.

2022 Guidance

The Company reiterates its 2022 guidance on net production of 32 – 34 kboed even under a higher oil price environment, which reduces net production share through high-price clauses, demonstrating strong operational performance. The table shows a reconciliation between SBR and net production guidance. Going forward, the Company will focus on SBR guidance.

The Company is revising up its capital and exploration expenditures from $185 – $205 million to $205 – $215 million, reflecting incremental activity and capital investments in the second half of 2022 mainly related to pilots in the A&B sands in La Cira Infantas and activity in recently extended contracts.

	2022E original[3]	2022E updated[3]
Production (kboed)	Net: 32 – 34	Net: 32 – 34 | SBR: 43 – 45
Capital and exploration expenditures ($m)[4]	$185 – $205	$205 – $215

[3] Original guidance assumes $85/bbl Brent price for the full year of 2022.
[4] Guidance includes development and exploration capex plus exploration expenses.

Key Figures

	3Q21	2Q22	3Q22	Δ q/q	Δ y/y	9M21[5]	9M22	Δ y/y
Production & Sales (kboed)								
Gross production	78.8	78.4	80.1	2%	2%	81.9	81.4	-1%
SBR production[6]	41.6	42.8	43.5	2%	5%	42.7	44.3	4%
Net production	31.6	31.2	32.0	3%	1%	33.8	32.8	-3%
Net sales	30.3	30.9	30.3	-2%	—%	32.8	32.1	-2%
Operating netback per barrel of net sales ($/boe)								
Brent price	73.2	112.0	97.7	-13%	33%	68.0	102.5	51%
Realised price	63.9	103.8	92.6	-11%	45%	62.9	95.5	52%
Lifting cost	(15.1)	(13.9)	(16.8)	21%	11%	(14.0)	(14.4)	3%
Transport cost	(0.4)	(0.9)	(0.9)	—%	150%	(0.6)	(0.9)	50%
Adjusted operating netback[6]	48.4	89.0	75.0	-16%	55%	48.4	80.2	66%
Administrative expenses	(2.1)	(3.3)	(1.9)	-42%	-11%	(3.6)	(2.8)	-22%
Realised fair value loss on derivatives	(0.4)	(10.0)	(1.0)	-90%	172%	(0.7)	(5.6)	654%
Other[7]	(0.7)	0.8	1.3	63%	nm	2.1	1.2	-44%
Operating netback[6]	45.2	76.5	73.4	-4%	62%	46.5	72.9	57%
Financial Results ($ million)								
Revenue	178.2	291.8	258.2	-12%	45%	563.8	836.0	48%
Lifting cost	(42.2)	(38.9)	(46.8)	20%	11%	(125.2)	(126.1)	1%
Transport cost	(1.0)	(2.6)	(2.5)	-4%	150%	(5.3)	(7.8)	47%
Adjusted operating netback[6]	135.0	250.3	208.9	-17%	55%	433.4	702.1	62%
Administrative expenses	(5.9)	(9.2)	(5.3)	-42%	-11%	(32.6)	(24.8)	-24%
Realised fair value loss on derivatives	(1.0)	(28.2)	(2.8)	-90%	172%	(6.6)	(48.6)	636%
Other[7]	(2.0)	2.2	3.7	68%	nm	19.2	10.4	-46%
Adjusted EBITDAX[3]	126.1	215.0	204.5	-5%	62%	413.4	639.2	55%
Capex and exploration expenditures[6]	42.9	33.0	55.9	70%	30%	102.9	127.4	24%
Free Cash Flow[6]	33.6	27.4	129.1	371%	284%	132.7	283.9	114%
Cash & cash equivalents	261.1	189.8	302.5	59%	16%	261.1	302.5	16%
Net debt[6]	347.8	414.4	300.7	-27%	-14%	347.8	300.7	-14%

[5] The consolidated financial statements for 9M21 include the results of COG from the date of acquisition, 4 May 2021; i.e. 5 months in 9M21.
[6] See "Non-IFRS Measures" section in MD&A.
[7] Other include inventory fluctuation, Teca, prepaid expenses, other expenses (net) & realised foreign exchange loss.

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

Certain amounts and percentages included in this document have been rounded for ease of presentation. Accordingly, figures shown as totals or percentage changes between periods may not be the arithmetic result of their inputs as presented in this document.

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

For further information, please contact us: ir@sierracol.com

About SierraCol

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

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