SierraCol Energy Limited
Interim Condensed Consolidated Financial Statements
For the three and six months ended 30 June 2024 and 2023

Registered number: 12773957

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Statement of Directors' responsibilities in respect of the financial statements

The Directors hereby confirm that the interim condensed consolidated financial statements for the three and six months ended 30 June 2024 and 2023 have been prepared in accordance with the UK adopted International Accounting Standard 34, "Interim Financial Reporting".

PricewaterhouseCoopers LLP (“PwC”) review report. To read it, please download and open the correspondent file in the "Financial statements (inclusive of independent review report)" section. Please note that that document needs to be downloaded and viewed in a PDF reader.

PricewaterhouseCoopers LLP (“PwC”) review report.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
(Reviewed, unaudited)

For the interim period ended 30 June 2024 and 2023

(Thousands of United States dollars)

	Note	Three months ended 30 June		Six months ended 30 June	
		2024	2023	2024	2023
Revenue					
Oil and natural gas sales		267,770	200,283	514,800	427,541
Service revenue		170	195	380	259
Total revenue	3	**$ 267,940**	**200,478**	**$ 515,180**	**427,800**
Operational expenses					
Production and operating expenses	4	(103,823)	(84,381)	(186,852)	(158,809)
Exploration expenses	5	(836)	(1,046)	(7,645)	(3,526)
General and administrative expenses	6	(12,152)	(8,602)	(20,565)	(18,680)
Total operational expenses		**$ (116,811)**	**(94,029)**	**$ (215,062)**	**(181,015)**
Net income from operations		**$ 151,129**	**106,449**	**$ 300,118**	**246,785**
Finance cost	7	(14,231)	(14,546)	(33,160)	(32,641)
Finance income		5,030	4,045	9,200	6,631
Other income (expenses)		2,164	(2,033)	1,974	(3,215)
(Loss) gain on property, plant and equipment		(1,148)	269	(734)	597
Net income before tax		**$ 142,944**	**94,184**	**$ 277,398**	**218,157**
Income tax expense	8	(75,949)	(37,602)	(135,174)	(85,781)
Net income for the period		**$ 66,995**	**56,582**	**$ 142,224**	**132,376**
Total comprehensive income for the period		**$ 66,995**	**56,582**	**$ 142,224**	**132,376**
Attributable to:					
Shareholders of the Company		$ 55,325	56,070	$ 120,340	121,480
Non-controlling interest		$ 11,670	512	$ 21,884	10,896

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Reviewed, unaudited)

As at 30 June 2024 and 31 December 2023

(Thousands of United States dollars)

	Note	30 June 2024 (Reviewed, Unaudited)	31 December 2023 (Audited)
Assets			
Property, plant and equipment	9	961,207	961,516
Other-long term assets	14	4,654	4,654
Goodwill		2,650	2,650
Other receivables	10	1,240	1,229
Tax receivables	11	322	322
Investments	12	31,046	33,870
Non-current assets		**$ 1,001,119**	**$ 1,004,241**
Derivative financial instruments	22	13	20,294
Tax receivables	11	56,975	100,557
Trade and other receivables	10	100,695	77,701
Inventory	13	20,856	19,905
Other current assets		–	4,617
Cash and cash equivalents		120,242	88,679
Current assets		**$ 298,781**	**$ 311,753**
Total assets		**$ 1,299,900**	**$ 1,315,994**
Liabilities and shareholders' equity			
Long-term notes	15	587,841	586,547
Deferred tax liability	8	83,948	67,195
Decommissioning and environmental liabilities	16	84,809	84,851
Lease liabilities		5,912	6,167
Employee benefits		4,795	4,518
Pension liabilities	17	10,415	11,474
Long-term payables		4,207	4,383
Non-current liabilities		**$ 781,927**	**$ 765,135**
Decommissioning and environmental liabilities	16	12,714	12,566
Lease liabilities		517	500
Derivative financial instruments	22	4,439	1,316
Income tax payable	8	40,821	167,600
Pension liabilities	17	4,543	4,391
Employee benefits		7,629	12,477
Short-term debt	20	25,000	20,000
Interest payable	21	1,695	1,641
Tax Payables	18	25,935	22,022
Accounts payable and accrued liabilities	19	95,717	151,607
Current liabilities		**$ 219,010**	**$ 394,120**
Total liabilities		**$ 1,000,937**	**$ 1,159,255**
Share capital	23	2,769	2,769
Accumulated gain		221,734	101,394
Equity attributable to the shareholders of the Company		**224,503**	**104,163**
Equity attributable to the non-controlling interest		**$ 74,460**	**52,576**
Total equity		**298,963**	**$ 156,739**
Total liabilities and equity		**$ 1,299,900**	**$ 1,315,994**

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

The interim financial statements on pages 6 through 42 were approved by the Board of Directors on 21 August 2024 and signed on its behalf by:

Mr Akarsh Nayyar [Signed]
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Reviewed, unaudited)
For the interim period ended 30 June 2024 and 2023
(Thousands of United States dollars)

	Share capital	Accumulated gain (losses)	Total equity shareholders of the Company	Non-controlling interest[1]	Total equity
31 December 2022	**$ 2,769**	**$ (61,476)**	**$ (58,707)**	**$ 50,779**	**$ (7,928)**
Dividends paid to non-controlling interests	–	–	–	(10,000)	(10,000)
Net income and comprehensive income	–	121,480	121,480	10,896	132,376
30 June 2023	**$ 2,769**	**$ 60,004**	**$ 62,773**	**$ 51,675**	**$ 114,448**
Dividends paid to equity holders	–	(100,000)	(100,000)	–	(100,000)
Dividends paid to non-controlling interests	–	–	–	(24,500)	(24,500)
Remeasurement Management Incentive Plan ("**MIP**")	–	1,575	1,575	–	1,575
Total comprehensive income for the period	–	139,815	139,815	25,401	165,216
31 December 2023	**$ 2,769**	**$ 101,394**	**$ 104,163**	**$ 52,576**	**$ 156,739**
Total comprehensive income for the period	–	120,340	120,340	21,884	142,224
30 June 2024	**$ 2,769**	**$ 221,734**	**$ 224,503**	**$ 74,460**	**$ 298,963**

[1] SierraCol Energy Arauca, LLC is 75% owned by SierraCol Energy Holder Ltd, ("**Holder**") and 25% owned by Repsol E&P S.á.r.l. ("**Repsol**"). For consolidation purposes, Repsol's interest is included as a non-controlling interest (''**NCI**'') in accordance with IFRS 10 within the consolidated statement of changes in equity.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Reviewed, unaudited)

For the interim period ended 30 June 2024 and 2023

(Thousands of United States dollars)

	Note	Six months ended 30 June			
			2024		2023
Operating activities					
Net income before tax			277,398		218,157
Adjustments for non-cash items:					
Depreciation, depletion and amortisation	9		67,579		63,675
Inventory fluctuation	4		(116)		(8,041)
Impairment of PP&E	4		44		–
Write-off and impairment of E&E assets	5		6,088		658
Unrealised fair value loss (gain) on derivatives			3,123		(630)
Unrealised foreign exchange loss			23,869		17,395
Financial income			(5,755)		(6,631)
Financial expenses	7		23,039		22,112
Loss on property, plant and equipment sales			1,240		213
Accretion of decommissioning liability	7		1,681		2,075
Prepaid expenses charged to income statement	10		3,508		3,906
Amortisation debt issuance costs	15/20		1,294		1,440
Other income			(2,145)		–
Adjustments for non-cash items		***$***	***400,847***	***$***	***314,329***
Changes in trade and other receivables			(27,534)		(2,638)
Changes in inventories			(835)		(8,571)
Changes in trade and other payables			(85,826)		(96,538)
Changes in assets and liabilities		***$***	***(114,195)***	***$***	***(107,747)***
Income tax payments	8		(150,010)		(79,812)
Net cash flows provided from operating activities		**$**	**136,642**	**$**	**126,770**
Investing activities					
Expenditures on property, plant and equipment	9		(53,291)		(53,107)
Expenditures on exploration and evaluation assets	9		(9,819)		(664)
Interest income			5,739		6,141
Contingent consideration paid	19		(25,000)		(45,000)
Net cash flows used in investing activities		**$**	**(82,371)**	**$**	**(92,630)**
Financing activities					
Drawdown of short-term debt	20		18,000		65,000
Short-term debt payments	23		(13,000)		–
Short-term debt issuance costs	23		–		(1,793)
Dividends paid (to equity holders and NCI)			–		(10,000)
Interest and financial expenses paid	15		(21,888)		(20,118)
Lease payments			(266)		(963)
Net cash flows used in financing activities		**$**	**(17,154)**	**$**	**32,126**
Net increase in cash and cash equivalents			37,117		66,266
Cash and cash equivalents at the beginning of the period			88,679		106,194
Foreign exchange impact on cash and cash equivalents			(5,554)		731
Cash and cash equivalents at the end of the period		**$**	**120,242**	**$**	**173,191**

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

1. Reporting entity

SierraCol Energy Limited ("**the Company**" or "**SCE**") is a private limited company, limited by shares, incorporated and domiciled in the United Kingdom and registered in England on 28 July 2020. It is engaged, via several of its subsidiaries, in the exploration, acquisition, development, and production of hydrocarbons in Colombia. The Company's registered office is 8th Floor, 1 Southampton Street, London, England WC2R 0LR. These interim condensed consolidated financial statements include the financial statements of the Company and its subsidiaries ("**the Group"** or "**Group**").

The Company, through its subsidiaries, aims to carry out exploration, production and sale of oil and gas, as described below:

- SierraCol Energy Arauca, LLC ("**Arauca**") is the operator partner for the Cravo Norte, Rondón, Chipirón and Cosecha association contracts signed with Ecopetrol S.A. ("**Ecopetrol**", "**ECP**"). The aforementioned contracts are located in the Llanos basin, and all are in the production stage.
- SierraCol Energy Andina, LLC ("**Andina**") is the capital investments executor for the La Cira Infantas ("**LCI**") and Teca-Cocorná ("**TECA**") collaboration agreements executed with Ecopetrol; both contracts are located in the Middle Magdalena basin and are in the production phase. In addition, Andina is a non-operator partner in the Cravo Norte, Rondón and Chipirón association contracts which Arauca operates, and, is a non-operator partner in the exploration and production contracts Mecaya, Tacacho, Terecay, Put-36, Put-9 and Put-8 ("**E&P**") executed with the National Hydrocarbons Agency ("**ANH**"), where Amerisur Exploration Colombia Limitada ("**Amerisur**") is also a partner and operator, located in the Putumayo basin, all area are in the exploration phase.
- SierraCol Energy Condor LLC ("**Condor**") is the operator partner in the Llanos 52 and Llanos 39 E&P contracts executed with the ANH. Currently, both contracts are in the exploration phase.
- Colombia Energy Development Co. ("**Cedco**") is the operator of Río Verde, Los Hatos and Llanos 23 E&P contracts, executed with the ANH, and the Alcaraván association contract, executed with Ecopetrol, all are in the production stage. On 29 September 2023, Lagosur Petroleum Colombia Inc. ("**Lagosur**") assigned to Cedco its working interest and its status as operator in the Bolívar association contract, executed with Ecopetrol, which is in production stage.
- Cinco Ranch Petroleum Colombia Inc. ("**Cinco Ranch**") was the operator of the Bocachico association contract, terminated on 6 March 2022. Some abandonment activities are still ongoing.

As of 30 June 2024, the Group had the following interests in oil and gas assets:

Basin	Contract	Group´s interest[1]		Operator	Partners	Actual stage
		Capital Investments	Production and expenditures			
Middle Mag.	La Cira Infantas	52%	48%[2]	Ecopetrol	Andina, ECP	Production
Middle Mag.	Teca - Cocorná	60%	40%	Ecopetrol	Andina, ECP	Production
Middle Mag.	Bolívar	100%	100%	Cedco	Cedco	Production
Middle Mag.	Bocachico	100%	100%	Cinco Ranch	Cinco Ranch, ECP	Terminated. Relinquishment in progress
Llanos (Northern)	Cravo Norte	50%	45%[2]	Arauca	Arauca, Andina, ECP	Production
Llanos (Northern)	Rondón	35%	35%	Arauca	Arauca, Andina, ECP	Production
Llanos (Northern)	Chipirón	70%	70%[3]	Arauca	Arauca, Andina, ECP	Production
Llanos (Northern)	Cosecha	70%	70%	Arauca	Arauca, ECP	Production
Llanos (Northern)	LLA39	50%	50%	Condor	Condor, ECP	Exploration
Llanos (Northern)	LLA52	48%	48%	Condor	Condor, ECP	Exploration
Llanos (Northern)	Villanueva	50%	50%	Perenco	Andina, Perenco	Relinquishment in progress
Llanos (Central)	Rio Verde	100%	100%	Cedco	Cedco	Production
Llanos (Central)	Alcaraván	100%	100%	Cedco	Cedco	Production
Llanos (Central)	Los Hatos	100%	100%	Cedco	Cedco	Production
Llanos (Central)	LLA23	100%	100%	Cedco	Cedco	Production
Putumayo	Mecaya	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo	Tacacho	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo	Terecay	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo	Putumayo-8	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo	Putumayo-9	50%	50%	Amerisur	Andina, Amerisur	Exploration
Putumayo	Putumayo-36	50%	50%	Amerisur	Andina, Amerisur	Exploration

[1] Group's working interest for (i) capital investments and (ii) production and expenditures are defined per the association contract.
[2] Group's share is affected by crude oil benchmark in accordance with the Price Premium Adjustments ("**PPA**") adjustment clause.
[3] Group's share is affected by cumulative production and operational expenses related to certain formations in accordance with the R Factor clause.

2. Basis of preparation and material accounting policy information

Basis of preparation

The interim condensed consolidated financial statements for the half-year ended 30 June 2024 have been prepared in accordance with the UK-adopted International Accounting Standard 34.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2023, which has been prepared in accordance with UK-adopted international accounting standards and the requirements of the Companies Act 2006.

These interim condensed consolidated financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2023 were approved by the board of directors on 13 March 2024 and delivered to the UK Registrar of Companies. The report of the auditors on those accounts was unqualified.

These interim condensed consolidated financial statements have been reviewed, not audited.

Basis of measurement and going concern

These interim statements have been prepared on a 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 interim statements have been prepared under a going concern basis with the expectation that the Group will realize its assets and discharge its liabilities in the normal course of business.

In the preparation of these interim financial statements, the Directors have made an assessment of the Group's ability to continue as a going concern. As of 30 June 2024, the Group had net current assets of $79.8 million, cash and cash equivalents balances of $120.2 million, long-term liabilities of $781.9 million, including $600.0 million in respect of long-term notes, furthermore, the Group has an aggregate principal commitment of $120.0 million under the Revolving Credit Facility ("**RCF**") (Note 20). The cash flow forecasts model different scenarios including, but not limited to, changes in commodity prices and production rates. The going concern assessment included consideration of a severe but plausible downside scenario that modelled a reduction in future production rates and a severe shock to global oil prices followed by a period of sustained lower prices. The cash flow forecasts extend beyond a period of 12 months from the date of signing these interim financial statements and the Group forecasts liquidity headroom in both the base case and downside case models. The Directors are satisfied that the Group's forecasts and projections show that the Group has adequate resources to continue in operational existence for at least the next 12 months from the date of the interim financial statements and that it is appropriate to adopt the going concern basis.

Principles of consolidation

Subsidiaries are entities that are controlled by the Company. Control exists when the Company has the power to govern an entity's financial and operating policies to obtain benefits from its activities. In assessing control, currently exercisable potential voting rights are considered. The results of subsidiaries acquired or disposed of during the period are included in the interim financial statements from the effective date of acquisition or until 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 Company.

These interim financial statements include the financial statements of SCE and its controlled subsidiaries. Intercompany balances, transactions, revenues, and expenses are eliminated upon consolidation.

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 at fair value. The fair value of the consideration paid is allocated to the acquired identifiable assets and liabilities based on their fair values; any excess is allocated to goodwill. Any excess of acquired assets and liabilities over the consideration paid ("a bargain purchase") is recognized in profit or loss immediately. Acquisition-related costs, other than share issue costs, are expensed as period costs.

The Company also uses the predecessor accounting method when acquiring a company or group of companies under common control. The cost of the acquired assets and liabilities are stated at predecessor carrying values, and fair value measurement is not required. No new goodwill arises under 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the condensed consolidated statements of income and comprehensive income, condensed statement of financial position and condensed statement of changes in equity, respectively.

Joint operations

Oil and gas operations are typically conducted by the Group as co-licensees in unincorporated joint operations with other companies.

Under IFRS 11, a joint operation is an arrangement in which the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The Group recognises its proportionate share of assets, liabilities, revenues and expenses in such joint operations.

Foreign currency translation

The functional currency of the Company and all its subsidiaries is the United States dollar.

The Group 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 from the retranslation of unsettled monetary assets and liabilities are recognised immediately in the condensed consolidated statement of comprehensive 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 recognised in the interim consolidated statement of comprehensive income under foreign exchange as appropriate.

Fair value measurements

When measuring the fair value of an asset or a liability, the Group uses observable market data as much as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assuming that the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between the fair value hierarchy levels at the end of the reporting period during which the change has occurred.

Revenue recognition

Revenue from the sale of crude oil and gas are recognised when the title, risk and control over the oil and gas have been transferred to the buyer. Payments for the sale of oil and gas are typically received at the end of the following month or in advance, in accordance with the conditions of each contract. 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. Revenue measurement is based on considerations established in the contracts with customers.

The Group applies the practical expedient described in paragraph 121 of IFRS 15 and does not disclose information on pending performance obligations since it recognises revenue from continuing operations by the amount corresponding to the value of the performance obligation with the customer that the Group has completed to date (the oil and gas delivered, and the services rendered).

Service revenues correspond to ad hoc services billed monthly for equipment usage, with payments made after invoicing.

Transportation costs

Transportation costs include trucking and pipeline tariffs to transport crude oil from the wellhead to offloading stations and from the wellhead to the point of control and title transfer, respectively. These costs are recognised simultaneously with revenue and are presented either within production or operating expenses in the statement of income.

Exploration and Evaluation ("E&E") assets

The E&E assets represent expenditures in connection with the exploration and evaluation phase that are recognised as assets according to the accounting policies of the Group.

Costs directly associated with an exploration well are initially capitalised when the well related to that cost is recognised as a work in progress asset. This is following evaluated results which evidence that commercially viable reserves are present in the well. These costs include employee remuneration, materials, rig costs and payments made to contractors. If potential commercial quantities of hydrocarbons are not found, the exploration well costs are written off. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs are capitalised. Upon internal approval for development and recognition of proved or sanctioned probable reserves, the relevant expenditure is transferred to Property, Plant and Equipment. If development is not approved and no further activity is expected to occur, then the costs are expensed. The determination of whether potentially economic oil and natural gas reserves have been discovered is usually made within one year of well completion, but can take longer, depending on the complexity of the geological structure.

Geological and geophysical exploration costs are recognised as an expense as incurred.

Property, plant and equipment ("PP&E")

PP&E owned by the Group is recorded at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if applicable, and, for assets that necessarily take a substantial period of time to become operational, directly attributable general or specific finance costs.

The purchase price or construction cost represents the total amount paid and the fair value of any other consideration given to acquire the asset. Oil and gas assets, excluding those under construction in progress, are depleted using a unit-of-production method. The cost of producing wells, related facilities, and future decommissioning costs are amortised over proved and probable reserves on a unit of production basis. The unit-of-production rate for depleting of facilities considers expenditures incurred to date, along with estimated future capital expenditure expected to be incurred relating to undeveloped reserves. Information regarding the carrying amounts of the Group’s oil and gas assets, along with the amounts recognised in the income statement as depreciation, depletion and amortisation ("**DD&A**") is detailed in Note 9.

The impact of changes in estimated proved reserves is dealt with by amortising the remaining carrying value of the asset over the expected future production. Other PP&E is depreciated on a straight-line basis over its expected useful life.

The Group utilises the successful efforts method, recognising an asset once its commercial viability and technical feasibility have been determined.

Recognition and measurement

The Group recognises PP&E when it is probable that they will generate future economic benefits associated with the asset and when the cost of the item can be reliably measured. PP&E is measured at cost less the accumulated depreciation and accumulated impairment losses.

The initial cost of an asset includes expenses that are directly attributable to the acquisition of the asset to render it suitable for its intended use as well as the costs of dismantling, removing the items and restoring the site on which they are located. The capitalised value of right-of-use assets (lease contracts) is also included in PP&E.

The cost of additions or upgrades to existing assets is capitalised if its useful life increases by more than a year or if their original specifications such as capacity, efficiency, or economical operation are significantly enhanced. Expenses for wells services activities are capitalised only if the proven reserves are increased.

Costs incurred for the repair and maintenance of existing assets are recorded in the period. However, costs associated with major maintenance are capitalised.

Amortisation

Oil and gas assets are depleted using the units of production method ("**UOP**"), while land is not subject to depletion. Other PP&E is depreciated using the straight-line method, based on the estimated useful life of each asset, as outlined below:

Asset class	Useful life in years
Buildings	15-33
Administrative assets	5-15

The depreciation and residual value methods are reconsidered in each fiscal year and adjusted if necessary. As of 30 June 2024 and 31 December 2023, no residual values have been estimated.

Cash-generating units ("CGU") and Impairment

The Group assesses assets or groups of assets, referred to as cash-generating units ("**CGUs**"), for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable. Changes in the Group's business plans, intention to dispose rather than retain assets, changes in the Group's assumptions about commodity prices, evidence of physical damage, and significant downward revisions of estimated reserves are taken into account in such an assessment. If any such indication of impairment arises, the Group makes an estimate of the assets or CGUs recoverable amount. Individual assets are grouped into CGUs for impairment assessment purposes at the lowest level at which there are identifiable cash flows determined as largely independent of the cash flows of other groups of assets. A CGUs recoverable amount is the higher of its fair value less costs of disposal and its value in use. Where the carrying amount of a CGU exceeds its recoverable amount, the CGU is considered impaired and is written down to its recoverable amount. Various assumptions regarding market conditions, such as oil prices, natural gas prices and cost inflation rates are used by the Group. Future cash flows also include an estimate of the costs associated with the Group's planned reduction in carbon emissions. Cash flow analyses are based on current legislation in the jurisdictions where the Group

operates and do not model any change in legislation with respect to climate change or carbon emissions. In assessing value in use, the estimated future cash flows are adjusted for the risks specific to the asset group that are not reflected in the discount rate and are discounted to their present value. Where discounted cash flow analyses are used to calculate fair value less costs of disposal, estimates are made about the assumptions that a market participant would use when pricing the asset.

At each reporting date, an assessment is conducted to determine whether there are any indications that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. In such cases, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised in profit or loss. Following a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate the recoverable amount of the group of CGUs to which the goodwill is assigned should be assessed. In assessing whether goodwill is impaired, the carrying amount of the group of CGUs to which goodwill has been allocated is compared with its recoverable amount. If the recoverable amount of the group of CGUs is less than the carrying amount (including goodwill), an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period. Determining whether and by how much, an asset, CGU, or group of CGUs containing goodwill is impaired involves management estimates on highly uncertain matters such as the effects of inflation and deflation on operating expenses, discount rates, capital expenditure, production profiles, reserves and resources, and future commodity prices.

Leases

The Group leases various offices, facilities, machinery and equipment. Lease contracts typically span for fixed periods of one to five years but may have extension options. Lease terms are negotiated individually and contain a wide range of terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date on which the leased asset becomes available for use by the Group. Each lease payment is allocated between the liability and finance expenses. Both are recognised at the lease commencement date based on the present value of lease payments over the lease term. The finance expense is charged to the consolidated statement of comprehensive 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 the Group's intention to exercise a purchase option. In such case, the right-of-use asset shall be depreciated throughout the useful life of the underlying asset, determined using the same criteria as PP&E.

Additionally, the right-of-use asset may be periodically reduced by impairment losses, if applicable, and 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 based on an index or 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 is going to exercise 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. This rate represents 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 comparable terms and conditions.

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

- 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 does not recognise right-of-use assets and lease liabilities for short-term leases and low value assets. Lease payments associated with such leases are recognised as current expenditures during the lease term. Low-value assets include IT equipment, tools and small office furniture items.

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, deposits held at call with financial institutions, and other short-term, highly liquid investments with original maturities of three months or less. These investments are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Inventory

Inventories are assets that are:

a) held to be sold under normal operational conditions,
b) in the production process aimed to be sold, and
c) in the form of materials or supplies, to be consumed in the production process, or the provision of services.

The Group handles the following inventories:

a) crude oil inventory; and
b) materials and supplies stock

Crude oil inventory is measured based on the cost per barrel of production, determined by the sum of operational costs and DD&A divided by the total number of produced barrels. Cost per barrel is then used to value the crude inventory volumes.

The cost of materials and supply stock is measured based on the weighted average valuation method and includes the expenditures for the acquisition of inventories and other costs incurred in the transportation and distribution to final location.

Inventories are measured at the lower of cost and net realisable value. Underlifts and overlifts are valued at market value and are included in accrued income and prepayments and accrued liabilities, respectively. Changes in crude oil inventories, underlifts and overlifts are adjusted through cost of sales. Allowance is made for obsolete and slow moving materials and supplies stock items based upon actual usage and projected future usage (including consideration of the Group's activity programmes).

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 recognised in the condensed 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 amortised. Income and expenses related to discontinued operations are classified as income/(loss) from discontinued operations within the condensed consolidated statement of comprehensive income/(loss) and the condensed consolidated statement of cash flows.

Financing income and cost

Interest income and cost are recognised in the Group's statement of comprehensive income as they accrue using the effective interest method. The effective interest method is applied to ensure that interest revenue and expenses are allocated over the relevant periods to reflect a constant periodic interest rate on the carrying amount of the financial assets or liabilities.

Interest income from bank deposits is recognised when it is earned and becomes due, based on the applicable interest rates.

Interest expenses on loans and borrowings are recognised over the relevant period and included in the statement of comprehensive income, reflecting the effective interest rate on the carrying amount of the loans and borrowings.

Financial instruments

a) Classification and measurement

Financial assets

It is the Group's policy to initially recognise 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, and trade receivables, which do not exhibit a significant financing component, at the transaction price.

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 amortised cost, fair value through the statement of comprehensive income and fair value through other comprehensive income ("**FVTOCI**").

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 recognised directly in the statement of comprehensive income and presented in finance income/costs.

Financial liabilities

The Group derecognises a financial liability when it is extinguished (i.e. when the obligation specified in the contract is discharged, 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 recognised immediately in the statement of comprehensive income.

b) 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 recognises 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.

c) Offsetting of financial assets and financial liabilities

Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise 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.

d) 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 recognised 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 recognised within finance income/costs for the period.

e) 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.

Provisions

A provision is recognised 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 recognised for future operating losses.

Employee benefits and post-employment benefits

Employee benefits including wages, salaries, bonuses, social security contributions and sick leave are accrued in the period in which the associated services are rendered by employees of the Group. Employee benefits are all forms of consideration given by an entity in exchange for services rendered by employees or employment termination.

Benefits to employees in the short term and long term, and post-employment, which are recognised in accordance with IAS 19, are as follows:

Defined contribution plans: The defined contribution plans' values are undiscounted and recognised when the employee has rendered their services during the accounting period, as a liability, after deducting any previously satisfied value.

Other long-term employee benefits: The Group recognises long-term benefits for its obligations to each of its workers as a consequence of their acquired rights, according to current law and existing employment agreements, as a liability against the profit or loss of the period.

Defined benefit plans: The Group recognises its obligations to each of its workers as a consequence of their acquired right, in accordance with current law and existing employment agreements.

Remeasurements of the defined benefit liability and asset, comprising actuarial gains and losses, and the return on plan assets are recognised within other comprehensive income in the period in which they occur and are not subsequently reclassified to profit and loss. The defined benefit pension plan surplus or deficit recognised on the balance sheet for each plan comprises the difference between the present value of the defined benefit obligation (using a discount rate) and the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. Defined benefit pension plan surpluses are only recognised to the extent they are recoverable, either by way of a refund from the plan or reductions in future contributions to the plan. Contributions to defined contribution plans are recognised in the income statement in the period in which they become payable.

Termination benefits: The Group recognises a liability and expense for termination benefits in the period in which they are incurred.

Decommissioning and environmental liabilities

The Group recognises the estimated fair value of decommissioning liabilities associated with E&E and oil and gas assets in the period in which they are incurred, usually when the asset is purchased or developed. The fair value is capitalised and amortised 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 the exploration and development 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

the time value of money until it is expected to settle and is recognised within finance expenses. Actual decommissioning liabilities settled during the period reduce the decommissioning liability.

Environmental liabilities are recognised 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 of environmental issues attributed to water usage and deforestation from oil and gas activities.

Furthermore, the timing of the expected settlement of the environmental liabilities differs from the timing of the 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 accretion of the decommissioning liability is recognised as a financial expense.

Tax

The tax expense represents the sum of the income tax currently payable, deferred tax and dividend tax withholding. 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 recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised 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 recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred income tax is recognised 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 are reversed, 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 taxable entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously.

Critical accounting estimates and judgements

The preparation of the interim financial statements in accordance with IFRS, as described in the basis of preparation paragraph, requires management to make judgements, estimates and assumptions that impact the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of 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 capitalised oil and gas costs and for fair value purposes. Estimates of reserves are reviewed internally at least annually and subject to review by third-party experts on an annual basis.

ii. Determination of CGUs

The determination of CGUs requires judgement 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, and similar exposure to market risks. The determination of asset allocations into CGUs requires significant judgement 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 fair value calculations

In assessing the fair value of oil and gas properties, each CGUs carrying amount is compared to its recoverable amount, defined as the greater of its fair value less cost of disposal and value in use. Due to the nature of the Group's assets, fair value less cost of disposal is the basis for the recoverable amount. In assessing fair values, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The fair value amount 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 fair value 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, and 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. Exploration and evaluation assets

The application of the Group's accounting policy for E&E expenditures requires judgement in determining the likelihood of a future economic benefit existing when activities have not reached a stage at which technical feasibility and commercial viability can be reasonably determined. Factors such as drilling results, future capital programmes, future operating expenses, and estimated reserves and resources are considered. In addition, management uses judgement 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 appropriate approvals have been received from regulatory bodies and the Group's internal approval process.

v. Decommissioning and environmental liabilities

The decommissioning and restoration costs are estimates; cost can vary in response to many factors including changes to legal, contractual and regulatory requirements. The expected timing and amount of expenditure can also change in response to changes in reserves, production curves, commitments, laws and regulations, timing and likelihood of the settlement of the obligation, discount rates, and future interest rates. Additionally, the impact of climate change and the focus on energy transition could bring forward the date of decommissioning of the Group's producing oil and gas assets, thereby increasing the net present value of the associated provision. As a result, significant adjustments to the estimates could affect future financial results. The Group´s abandonment cash flows are denominated in both Colombian pesos and US dollars. The Group translates peso cash flows using a forward rate. The Group uses US denominated risk-free rates, based on US government bond prices, to discount the estimated future cash flows. The maturity of the government bonds used match the expected maturities of the abandonment cash flows being discounted.

Environmental liabilities are an addition to the decommissioning liabilities; some regulations require the Group to perform additional mitigation against the environmental issues related to water usage and deforestation from oil and gas activities performed. The timing of expected settlement of the environmental liabilities can differ from the timing of expected settlement of the decommissioning liabilities.

vi. Deferred tax

The Group follows the liability method of accounting for income taxes. Using this method, tax assets and liabilities are recognised based on the differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years when those temporary differences and carryforwards are expected to be recovered or settled. Judgement is required in determining the Group´s effective tax rate and in evaluating tax positions because rates are also affected by legislative changes.

Changes in accounting policies

New standards, interpretations and amendments adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

i) Amendments to IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 - Income Taxes, effective from periods beginning 1 January 2023, require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. For SCE, this will typically apply to transactions such as leases and decommissioning obligations.

IAS 12 did not previously address how to account for the tax effects of such balances and various approaches were considered acceptable. Some entities, including SCE, already accounted for such transactions consistent with the new requirements. As such, the amendment has no material impact to SCE.

ii) International Tax Reform - Pillar Two Model Rules - amendments to IAS 12

The Group is within the scope of the Economic Cooperation and Development ("**OECD**") Pillar Two model rules. Pillar two legislation (which includes tax law that implements qualified domestic minimum top-up taxes) was recently substantively enacted in some of the territories in which the Group operates and came

into effect in these territories from 1 January 2024. As previously disclosed, the group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

The group has performed an assessment of the potential exposure to Pillar Two income taxes and does not have a material exposure to Pillar Two income taxes.

3. Revenue

The following table provides the disaggregation of revenue from contracts with customers:

$ thousands	Three months ended 30 June		Six months ended 30 June	
	2024	**2023**	**2024**	**2023**
Sale of oil	267,208	199,732	513,714	426,448
Sale of natural gas	562	551	1,086	1,093
Service revenue	170	195	380	259
Total revenue	**$ 267,940**	**200,478**	**$ 515,180**	**427,800**

The Group has only one operating segment (all operations are in Colombia), which is also the single reporting segment. All operations are classified as continuing operations. The Board of Directors monitors the operating results of its operating segment for the purpose of making decisions and performance assessments. The Board of Directors is considered to be the "chief operating decision maker" ("**CODM**").

Details of the oil revenue per customer are as follows:

$ thousands	Three months ended 30 June		Six months ended 30 June	
	2024	**2023**	**2024**	**2023**
Ecopetrol	246,868	175,759	472,551	377,676
Goam 1 CI SAS	20,340	23,973	41,163	48,772
Total sales of oil[(1)]	**$ 267,208**	**199,732**	**$ 513,714**	**426,448**

(1) Revenue for three months ended 30 June 2024 corresponds to 3,269,472 barrels of oil sold with an average realised price of $81.7/bbl, and for the three months ended 30 June 2023 to 2,826,278 barrels of oil sold with an average realised price of $70.6/bbl. For the six months period ended 30 June 2024 and 2023, corresponds to 6,498,626 barrels of oil sold with an average realised price of $79.0/bbl, and 5,868,983 barrels of oil sold with an average realised price of $72.7/bbl, respectively.

4. Production and operating expenses

$ thousands	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Well services	14,377	16,036	29,246	28,671
Energy costs	14,744	13,582	29,127	26,163
Support costs	12,678	11,970	23,375	21,789
Maintenance costs	10,325	8,056	20,016	14,618
Production costs	6,105	4,283	11,457	8,088
Total lifting cost	***$ 58,229***	***53,927***	***$ 113,221***	***99,329***
Pipeline tariff	2,851	1,064	4,856	2,954
Trucking	623	543	1,268	892
Lifting and transportation costs	***$ 61,703***	***55,534***	***$ 119,345***	***103,175***
Depreciation, depletion and amortisation	33,587	31,675	67,579	63,675
Impairment of PP&E	44	–	44	–
Inventory fluctuation	8,489	(2,828)	(116)	(8,041)
Total Production and Operating Expenses	**$ 103,823**	**84,381**	**$ 186,852**	**158,809**

5. Exploration expenses

$ thousands	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Dry hole cost[(1)]	–	243	6,088	658
Overhead	623	444	1,184	1,179
Seismic	213	359	373	1,689
Total	**$ 836**	**1,046**	**$ 7,645**	**3,526**

[(1)] For the three and six months ended 30 June 2024, includes $5.9 million of dry hole costs associated with the Chipiron West well.

6. General and administrative expenses

$ thousands	Three months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
Personnel expenses	8,929	8,432	17,031	15,930
Professional fees	2,757	3,935	5,911	7,457
Services	4,056	1,863	5,750	4,710
Financial transaction tax and others[(1)]	1,203	1,435	2,246	1,494
Bank fees[(1)]	–	(729)	–	–
Recovered costs from partners	(4,793)	(6,334)	(10,373)	(10,911)
Total	**$ 12,152**	**8,602**	**$ 20,565**	**18,680**

[(1)] Commencing in 2Q-2023, bank fees were reclassified to financial expenses and the financial transaction tax is now presented in its own line.

7. Finance costs

$ thousands	Three months ended 30 June		Six months ended 30 June	
	2024	**2023**	**2024**	**2023**
Financial expenses	11,377	10,729	23,039	22,112
Premiums and realised fair value ("**FV**") on derivatives	2,029	1,328	4,023	2,561
Deferred premiums and unrealised FV on derivatives	(674)	(197)	3,123	(630)
Accretion of decommissioning liability	846	1,052	1,681	2,075
Amortisation of debt issuance costs	653	838	1,294	1,440
Foreign exchange loss	–	796	–	5,083
Total	**$ 14,231**	**14,546**	**$ 33,160**	**32,641**

8. Income tax expense

UK holding entities are subject to UK tax law obligations, including company tax return submissions. All branches located in Colombia are subject to Colombian tax law. The company does not expect to pay any UK taxes.

The standard Colombian income tax rate for 2024 remains at 35%. In addition, a permanent variable tax surcharge is applicable to the oil and gas E&P industry, ranging from 0% to 15% depending on the international Brent average prices for the taxable year. The estimated applicable tax surcharge for 2024 is 10%. The surcharge is ultimately decided by the ANH through a decree to be issued on 31 January 2025, once the average oil prices for the taxable year can be determined.

The standard Corporate Income Tax ("**CIT**") rate in the UK was 19% until 31 March 2023 and subsequently increased to 25% from 1 April 2023. Under the tax treaty between the UK and Colombia, taxable profits are not subject to additional taxes other than the source of operations.

Tax expense for the year ended 30 June 2024, and 2023 is as follows:

$ thousands	**30 June 2024**	**30 June 2023**
Current income tax	118,421	122,363
Deferred income tax	16,753	(36,582)
Total tax expense	**$ 135,174**	**$ 85,781**

The movement in income tax payable during the reported period is as follows:

$ thousands		**Total Income tax**
Balance at 31 December 2022	**$**	**183,554**
Adjustments for current tax of prior period		(18,571)
Additions (tax accruals)		217,785
Withholdings and others utilised		(61,758)
Payments		(197,141)
Exchange rate effect and others		43,731
Balance at 31 December 2023	**$**	**167,600**
Adjustments for current tax of prior period[1]		(15,496)
Additions (tax accruals)		133,917
Withholdings and others utilised		(82,096)
Payments		(150,010)
Exchange rate effect and others		1,368
Work for taxes[2]		(14,462)
Balance at 30 June 2024	**$**	**40,821**

[1] Corresponds to previous year adjustment in relation to tax optimisations not included in the initial estimation.
[2] Since the tax obligation is extinguished until the project is completed, the net balance between the income tax pending payment for the years 2021, 2022, and 2023 and the trust created is presented as long-term investments (Note 12).

The Group chose to participate in the 'Work for Taxes' program, the mechanism that enables the partial utilisation of income tax payable resources for funding approved activities, including the execution of programs that benefit neighbouring communities, on behalf of the Colombian Government. To execute the program an investment vehicle is required, the trust, which is responsible for developing the project.

Income tax expense reconciliation is as follows:

$ thousands	**30 June 2024**	**30 June 2023**
Income before taxes	277,398	218,157
Tax at the UK tax rate of[1]	25.00 %	21.59 %
Income tax expense	**$ 69,350**	**$ 47,100**
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Difference in overseas tax rates	55,480	61,978
Non-deductible local and overseas expense	3,516	6,080
Temporary differences	5,571	25,776
Deferred tax expense (recovery)	16,753	(36,582)
Adjustments for current tax of prior period	(15,496)	(18,571)
Total income tax expense	**$ 135,174**	**$ 85,781**

[1] The tax rate was determined proportionally by considering net income before tax up to 1Q-23 at the rate of 19% and from 2Q-23 onwards at the rate of 25%. Therefore, the tax rate is the result of the sum of the income tax for each quarter divided by the cumulative net income before tax.

9. Property, plant and equipment

The movement of property, plant and equipment for the period ended 30 June 2024, along with its corresponding depreciation, is as follows:

$ thousands	Lands	Buildings	Administrative assets[1]	Exploration assets	Oil and gas assets[2]	Right-of- use assets[3]	Total
Cost							
Balance at 31 December 2022	**$ 224**	**$ 5,044**	**$ 40,645**	**$ 11,013**	**$ 1,146,966**	**$ 10,441**	**$ 1,214,333**
Additions	–	3,629	493	981	65,728	5,981	76,812
Exploration expenditure writte-off (Note 5)	–	–	–	(658)	–	–	(658)
Retirements and right-of-use cancellations	–	–	(1,267)	–	(42)	–	(1,309)
Balance at 30 June 2023	**$ 224**	**$ 8,673**	**$ 39,871**	**$ 11,336**	**$ 1,212,652**	**$ 16,422**	**$ 1,289,178**
Additions	–	(3,377)	6,125	6,949	102,738	983	113,418
ARO change in estimate	–	–	–	–	9,486	–	9,486
Inventory of capitalisable parts/components	–	–	–	–	2,721	–	2,721
Transfers	–	6,570	(3,279)	334	(3,625)	–	–
Impairment	–	–	–	(10,032)	(19,570)	–	(29,602)
Exploration expenditure writte-off (Note 5)	–	–	–	(1,494)	–	–	(1,494)
Retirements and right-of-use cancellations	–	(5,698)	1	–	(13)	–	(5,710)
Balance at 31 December 2023	**$ 224**	**$ 6,168**	**$ 42,718**	**$ 7,093**	**$ 1,304,389**	**$ 17,405**	**$ 1,377,997**
Additions	–	80	120	10,301	66,892	31	77,424
Inventory of capitalisable parts/components	–	–	–	–	(2,782)	–	(2,782)
Transfers	–	–	–	(7,995)	7,995	–	–
Impairment	–	–	–	–	(44)	–	(44)
Exploration expenditure writte-off (Note 5)	–	–	–	(6,088)	–	–	(6,088)
Retirements and right-of-use cancellation	–	(1,305)	(1,511)	–	13,498	(12,718)	(2,036)
Balance at 30 June 2024	**$ 224**	**$ 4,943**	**$ 41,327**	**$ 3,311**	**$ 1,389,948**	**$ 4,718**	**$ 1,444,471**

$ thousands	Lands	Buildings	Administrative assets[1]	Exploration assets	Oil and gas assets[2]	Right-of- use assets[3]	Total
Accumulated Depreciation							
Balance at 31 December 2022	**$ –**	**$ (1,159)**	**$ (9,864)**	**$ –**	**$ (273,173)**	**$ (9,540)**	**$ (293,736)**
Depreciation	–	(489)	(3,320)	–	–	(978)	(4,787)
Depletion and Amortisation	–	–	–	–	(58,888)	–	(58,888)
Retirements	–	–	1,266	–	–	–	1,266
Balance at 30 June 2023	**$ –**	**$ (1,648)**	**$ (11,918)**	**$ –**	**$ (332,061)**	**$ (10,518)**	**$ (356,145)**
Depreciation	–	846	(3,231)	–	–	(267)	(2,652)
Depletion and Amortisation	–	–	–	–	(62,380)	(229)	(62,609)
Transfers	–	(244)	6,287	–	(6,043)	–	–
Retirements	–	–	–	–	4,925	–	4,925
Balance at 31 December 2023	**$ –**	**$ (1,046)**	**$ (8,862)**	**$ –**	**$ (395,559)**	**$ (11,014)**	**$ (416,481)**
Depreciation	–	(172)	(2,806)	–	–	–	(2,978)
Depletion and Amortisation	–	–	–	–	(64,132)	(469)	(64,601)
Retirements	–	542	1,471	–	(13,935)	12,718	796
Balance at 30 June 2024	**$ –**	**$ (676)**	**$ (10,197)**	**$ –**	**$ (473,626)**	**$ 1,235**	**$ (483,264)**
Net book value at 31 December 2023	**$ 224**	**$ 5,122**	**$ 33,856**	**$ 7,093**	**$ 908,830**	**$ 6,391**	**$ 961,516**
Net book value at 30 June 2024	**$ 224**	**$ 4,267**	**$ 31,130**	**$ 3,311**	**$ 916,322**	**$ 5,953**	**$ 961,207**

[1] Includes computer and communication equipment, office equipment, vehicles, and other equipment.
[2] Additions mainly include capital expenditures associated with development wells, workovers and production facilities.
[3] During 1Q 24, the Group recognized a finance lease of $1.3 million for the rent of the Arauca Operations Center offices. In 1Q 23, the Group recognized a finance lease of $6 million for the rent of the Once93 building.

10. Trade and other receivables

Trade and other receivables primarily include receivables related to the Group's oil sales and joint operations receivables associated with oil licences. Other receivables consist of loans to employees, advances to suppliers, and services to third parties:

$ thousands	30 June 2024	31 December 2023
Trade receivables	75,624	58,855
Others	14,500	5,382
Joint operations	7,122	12,869
Prepaid expenses[(1)]	3,357	495
Loans to employees	92	100
Short-term total	**$ 100,695**	**$ 77,701**
Loans to employees, Directors, and officers	1,240	1,229
Long-term total	**$ 1,240**	**$ 1,229**

[(1)] Amortisation of prepaid expenses during the six months ended 30 June 2024 and 2023 of $3.5 million and $3.9 million was respectively included in the consolidated statement of income and comprehensive income.

11. Tax receivables

$ thousands	Withholding[(1)]	Value added taxes (VAT)[(2)]	Total
Balance at 31 December 2022	**$ 59,467**	**$ 4,011**	**$ 63,478**
Additions	106,101	6,849	112,950
Utilised	(58,204)	–	(58,204)
Exchange rate effect	12,374	60	12,434
Balance at 30 June 2023	**$ 119,738**	**$ 10,920**	**$ 130,658**
Additions	(28,530)	(6,367)	(34,897)
Utilised	(3,554)	(137)	(3,691)
Exchange rate effect	6,953	1,856	8,809
Balance at 31 December 2023	**$ 94,607**	**$ 6,272**	**$ 100,879**
Short-term at 31 December 2023	**$ 94,285**	**$ 6,272**	**$ 100,557**
Long-term at 31 December 2023	**$ 322**	**$ –**	**$ 322**
Additions	51,085	1,309	52,394
Utilised	(82,096)	(59)	(82,155)
Exchange rate effect	(13,159)	(662)	(13,821)
Balance at 30 June 2024	**$ 50,437**	**$ 6,860**	**$ 57,297**
Short-term at 30 June 2024	**$ 50,115**	**$ 6,860**	**$ 56,975**
Long-term at 30 June 2024	**$ 322**	**$ –**	**$ 322**

[(1)] This balance is composed of withholdings which will be offset against the Colombian 2024 CIT return submitted in 2025.
[(2)] Value-added taxes, correspond to recoverable amounts via refunds that are in process with the Colombian tax authority and are expected to be received during the fourth quarter of 2024.

12. Long-term investments

$ thousands	30 June 2024		31 December 2023	
Cravo Norte abandonment trust portfolio		16,629		17,306
LCI abandonment trust portfolio		13,541		14,162
Llanos Central Abandonment trust funds[1]		558		2,402
Other investments[2]		318		–
Total	**$**	**31,046**	**$**	**33,870**

[1] On 2Q'24 Boral, Tilodiran and Hatos trust fund has been closed and replaced by letters of credit.
[2] Includes the net balance between the income tax pending payment of years 2021, 2022 and 2023 and the trust created as part of the tax benefit to pay this tax through civil works.

The above long-term assets correspond to the Group's participation in trust funds maintained to meet future abandonment obligations associated with certain contracts. Contractually, and on an annual basis, the Group calculates the portion of the future liability to be funded and held in the trust. Consequently, these long-term investments are not considered part of the available liquidity of the Group. The Group is only required to hold a portion of the future liability in trust and only for certain contracts. Therefore, the amounts held in trust can be significantly less than the value of the decommissioning liability (Note 16).

The trust portfolio funds are managed by a qualified third party and are invested in portfolio alternatives including bonds of the manufacturing sector, bonds of entities supervised by the Superintendency of Financial Entities in Colombia, term deposit certificates, and TES (Colombian Treasury Bonds). Trust fund valuation is completed at market value.

13. Inventory

$ thousands	30 June 2024		31 December 2023	
Crude oil inventory[1]		5,099		4,984
Materials and supplies stock[2]		15,757		14,921
Total	**$**	**20,856**	**$**	**19,905**

[1] Crude oil inventory corresponds to 173 Thousands Barrels of crude oil ("**MBO**") in field tanks and in transit as of the balance sheet date. It is valued at the lower of cost and selling price, using the weighted average cost method, and net realisable value.
[2] Includes materials and supplies to be used in drilling campaigns, maintenance of wells, workovers, and facilities.

14. Other long-term assets

The amount of $4.7 million relates to an agreement executed with Ecopetrol in 2010 whereby Arauca and Andina sold their interest in the Caño Limón Coveñas pipeline. Following the sale, a transport agreement was entered into with Cenit Transporte y Logistica de Hidrocarburos (a subsidiary of Ecopetrol, "**Cenit**"). As part of the transport agreement, Cenit provided a mechanism for a certain number of barrels of oil expected to be received by Arauca and Andina from the Caño Limón Coveñas pipeline. This amount is expected to be recovered at the cessation of the association contract.

15. Long-term notes

As at	Maturity	Principal	Interest rate	As at June 30 2024	As at December 31 2023
2028 Senior notes	15 June 2028	$600,000	6.00%	600,000	600,000
Unamortised debt issuance cost				(12,159)	(13,453)
Long-term debt				**$ 587,841**	**$ 586,547**

On 22 June 2021, the Company, through its Andina subsidiary, issued $600 million of Senior Notes with a 6.00% coupon (“**the Notes”**). The interest is payable semi-annually in arrears on 15 June and 15 December each year.

The Notes were initially rated by Fitch as B+ and by Moody’s as B1. Both Fitch and Moody’s affirmed the ratings on 22 May 2024 and 5 March 2024, respectively.

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

The Notes rank equal in right of payment with all the Group’s existing and future senior debt and are guaranteed by the Company’s principal subsidiaries other than Arauca.

16. Decommissioning and environmental liabilities

$ thousands	Decommissioning	Environmental	Total
Balance at 31 December 2022	**$ 90,243**	**$ 9,754**	**$ 99,997**
Usage of provision	(1,829)	–	(1,829)
Exchange rate effect	(1,956)	72	(1,884)
Accretion expense	1,871	204	2,075
Balance at 30 June 2023	**88,329**	**10,030**	**98,359**
Additions in the period	7,984	4,624	12,608
Change in estimate	(15,190)	368	(14,822)
Usage of provision	(1,986)	–	(1,986)
Exchange rate effect	1,956	(72)	1,884
Accretion expense	1,085	289	1,374
Balance at 31 December 2023	**82,178**	**15,239**	**97,417**
Short-term at 31 December 2023	**$ 9,837**	**$ 2,729**	**$ 12,566**
Long-term at 31 December 2023	**$ 72,341**	**$ 12,510**	**$ 84,851**
Usage of provision	(3,156)	(147)	(3,303)
Exchange rate effect	1,554	174	1,728
Accretion expense	1,432	249	1,681
Balance at 30 June 2024	**82,008**	**15,515**	**97,523**
Short-term at 30 June 2024	**$ 9,837**	**$ 2,877**	**$ 12,714**
Long-term at 30 June 2024	**$ 72,171**	**$ 12,638**	**$ 84,809**

The decommissioning and environmental liability represents the present value of the Asset Retirement Obligation ("**ARO**"), forest compensation, and 1% obligation costs related to oil and gas properties, expected to be incurred between 2024 and 2060 in Colombia.

The total undiscounted and uninflated amount of cash flows required to settle the Group's decommissioning and environmental liability is $246 million as of the end of the reporting period.

A 1% increase in the risk-free rate would decrease the liability by $11 million, and a 1% decrease in the risk-free rate would increase the liability by $14 million.

17. Pension liabilities

The liability presented below corresponds to the net value of the pension benefit obligation calculated annually by an independent actuary, Mercer, using the projected unit credit method and updated quarterly with the results of the pension funds and the fair value of the assets intended to cover such obligations. Pension assets and liabilities are denominated in Colombian pesos.

As at December 31, 2023	**$**	**22,180**
Interest expense on defined benefit obligation		1,026
Total amount recognised in profit or loss	**$**	**1,026**
Exchange differences		(1,735)
Payments		(1,416)
As at June 30, 2024	**$**	**20,055**

$ thousands		**30 June 2024**		**31 December 2023**
Short-term pension liability		7,759		8,422
Long-term pension liability		12,296		13,758
Pension liabilities[1]	**$**	**20,055**	**$**	**22,180**
Pension funds[2]	**$**	**(5,097)**	**$**	**(6,315)**
Short and long-term pension liabilities	**$**	**14,958**	**$**	**15,865**

[1] This benefit applies to eligible employees who met the conditions established in Colombian legislation before Law 100/93. The Group pays the contributions according to its share of each association contract for which the 59 employees who have obtained a pension worked. The benefit plan provides for the payment of between 13 and 14 pension instalments (depending on the legal regime) per year, as well as prepaid healthcare, educational aid, and contributions to the employees fund (FODESI). Some of the pensioners also receive an additional benefit related to the mandatory healthcare plan, which is covered by the Group.

[2] The Group presents an increased net pension liability, after liquidating funds held in a particular and voluntary pension trust fund. The Group's ongoing working capital management will facilitate meeting annual pension payments.

The pension liability items are as follows:

$ thousands	**30 June 2024**			**31 December 2023**		
	Current	**Non-Current**	**Total**	**Current**	**Non-Current**	**Total**
Retirement	1,377	10,945	12,322	1,496	11,895	13,391
Pension bonds and securities	6,382	1,351	7,733	6,926	1,863	8,789
Total Pension liabilities	**7,759**	**12,296**	**20,055**	**8,422**	**13,758**	**22,180**

18. Tax payables

The following table provides a detail of the short term taxes payable as of 30 June 2024 and 2023:

$ thousands	Value added taxes (VAT)	Carbon tax	Total
Balance at 31 December 2022[1]	**$ 20,104**	**$ 149**	**$ 20,253**
Additions	(2,866)	11	(2,855)
Exchange rate effect	(1,121)	22	(1,099)
Balance at 30 June 2023	**$ 16,117**	**$ 182**	**$ 16,299**
Net additions	(848)	(217)	(1,065)
Exchange rate effect	6,744	44	6,788
Balance at 31 December 2023	**$ 22,013**	**$ 9**	**$ 22,022**
Net additions	4,428	2	4,430
Exchange rate effect	(517)	–	(517)
Balance at 30 June 2024	**$ 25,924**	**$ 11**	**$ 25,935**

[1] This balance corresponds to the presentation reclassification of VAT and carbon tax payables, formerly included in accounts payables.

19. Accounts payable and accrued liabilities

Accounts payable primarily consists of capital, operating, and administrative expenses incurred but not yet settled. All accounts payable and accrued liabilities are expected to be settled within one year.

The following table provides details of the short-term accounts payable and accrued liabilities as of 30 June 2024 and 31 December 2023:

$ thousands	30 June 2024	31 December 2023
Trade payables and accrued expenses	77,686	105,670
Holdbacks	8,545	9,085
Accounts payable related to withholding tax	7,106	9,746
Joint operations	1,598	1,808
Advance from customers	782	298
Contingent consideration[1]	–	25,000
Total	**$ 95,717**	**$ 151,607**

[1] Customary closing adjustments connected with the agreement between OPC and SierraCol resulted in a cash payment of $532.4 million on the completion date (18 December 2022) and further amounts payable subject to a gross production base target and average realised prices across three contingent payment periods. On 09 May 2024 the third and final payment of the contingent consideration to OPC has been executed.

20. Short-term debt

On 3 April 2023, the Company, through its Andina subsidiary, withdrew $20.0 million from the short-term credit line with Bank BTG Pactual S.A. - Cayman Branch ("**BTG**") to support working capital requirements. The credit facility bears interest based on the Secured Overnight Financing Rate ("**SOFR**") posted by the Federal Reserve Bank of New York plus the applicable margin of 4.4%, payable monthly. On 12 December 2023, an agreement was signed granting a three-month extension until 3 April 2024. Subsequently, on such expiration date the Company signed an addendum to withdraw an additional $5.0 million which granted a six-month extension, thereby extending the expiration date to 3 October 2024 and establishing the interest in a SOFR plus applicable margin of 4.37%, payable monthly.

As of 30 June 2024, the aggregate principal amount of commitments provided under the RCF is $120.0 million. $45.0 million was withdrawn on 1 June 2023, mainly for settling working capital obligations. On 29

September 2023, $25.0 million was repaid and, on 31 October 2023, the outstanding amount drawn from the facility of $20.0 million was repaid.

On 2 January 2024, $13 million was withdrawn from the RCF, which bears interest based on the SOFR plus the applicable margin of 4.6%. On 28 June 2024 the outstanding amount drawn from the facility of $13.0 million was repaid.

21. Interest payable

The table below summarises the movement of short-term interest related to the long-term notes and short-term debt:

$ thousands	
Balance at 31 December 2022	**1,500**
Notes accrued interest	18,000
Notes interest paid	(18,000)
RCF accrued interest	379
BTG facility accrued interest	457
BTG Interest paid	(325)
Balance at 30 June 2023	**2,011**
Notes accrued interest	18,000
Notes interest paid	(18,000)
RCF accrued interest	1,335
RCF Interest paid	(1,714)
BTG facility accrued interest	985
BTG Interest paid	(976)
Balance at 31 December 2023	**1,641**
Notes accrued interest	18,000
Notes interest paid	(18,000)
RCF accrued interest	638
RCF Interest paid	(638)
BTG facility accrued interest	1,126
BTG Interest paid	(1,072)
Balance at 30 June 2024	**1,695**

22. Financial risk management contracts

Commodity contracts

The Group, 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 Group 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 condensed consolidated statement of financial position at fair value.

The following is a summary of the risk management contracts in place as of 30 June 2024:

Tenor	Volume		$/bbl			
	(Bpm)[1]	Average (Bpd)[2]	Sold Put	Purchased Put	Purchased Call	Sold Call
July 2024	519,714	16,765	–	65.0	–	–
August 2024	531,916	17,159	–	65.0	–	–
September 2024	517,603	17,253	–	60.0	–	–
October 2024	525,186	16,941	–	60.0	–	–
November 2024	499,118	16,637	–	60.0	–	–
December 2024	507,671	16,376	–	60.0	–	–
January 2025	470,000	15,161	–	65.0	–	–
February 2025	470,000	16,786	–	65.0	–	–

(1) Bpm: Barrels per month
(2) Bpd: Barrels per day

The market value of derivative financial instruments for risk management contracts as of 30 June 2024 is $4.4 million, and as of 31 December 2023 it was $1.3 million.

Currency contracts

The Group, through its subsidiaries, has entered into certain financial derivative contracts to manage its exposure to market risks associated with fluctuations in the exchange rate. The Group has not applied hedge accounting. As a result, all exchange rate 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 foreign currency risk management contracts in place as of 30 June 2024:

Term	Benchmark	Average strike price			Amount (USD)
		Put	Call	Forward	
July 2024	COP/USD	4,000	4,503	–	5,000,000
August 2024	COP/USD	4,000	4,502	–	7,000,000
September 2024	COP/USD	4,000	4,502	–	7,000,000

The market value of derivative financial instruments for currency risk as of 30 June 2024 is $13.0 thousands , and as of 31 December 2023 it was $20.3 million.

23. Share capital

Flamingo Midco Limited ("**Midco**") owns 100% of SCE shares. All shares are authorised, issued, and fully paid. The par value per share is $0.001.

Common shares	Number	Amount (*$ thousands*)
Balance at 31 December 2023 and 30 June 2024	**2,768,608,848**	**$ 2,769**

24. SCE subsidiaries

The condensed consolidated financial statements include the financial statements of SCE and its subsidiaries as of 30 June 2024. The following is a list of SCE's direct and indirect subsidiaries:

Subsidiary	Direct or Indirect	Country of Incorporation	Principal Activities	Ownership	Address
Flamingo Swissco AG	Direct	Switzerland	Financial and consulting services	100%	C/O Transforma AG, Gartenstrase 4, 6400 Zug
SierraCol Energy Holder Ltd	Direct	Bermuda	Holding	100%	Citco (Bermuda) Limited, O'Hara House, 3 Bermudiana Road, Hamilton, HM08, Bermuda
SierraCol Energy Arauca LLC	Indirect	Delaware, United States	Oil and gas	75%	C/O The Company Trust, Company Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
SierraCol Energy Condor LLC	Indirect	Delaware, United States	Oil and gas	100%	C/O The Company Trust, Company Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
SierraCol Energy Andina, LLC	Direct	Delaware, United States	Oil and gas	100%	C/O The Company Trust, Company Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
SierraCol Energy PUT-36, LLC	Indirect	Delaware, United States	Oil and gas	100%	C/O The Company Trust, Company Trust Center, 1209 Orange Street, Wilmington, Delaware 19801
COG Energy Limited	Direct	Cayman Islands	Holding	100%	C/O Maples Corporate Services Limited, Ugland House, 121 South Church Street, PO BOX 309, Cayman Islands
Colombia Energy Development Co.	Indirect	Cayman Islands	Oil and gas	100%	C/O Maples Corporate Services Limited, Ugland House, 121 South Church Street, PO BOX 309, Cayman Islands
Lagosur Petroleum Colombia Inc.	Indirect	Panamá	Oil and gas	100%	PH Arifa, Boulevard Oeste, Santa Maria Business District
Cinco Ranch Petroleum Colombia Inc.	Indirect	Panamá	Oil and gas	100%	PH Arifa, Boulevard Oeste, Santa Maria Business District

Arauca is 75% owned by Holder and 25% owned by Repsol. For consolidation purposes, Repsol's interest is included as a NCI in accordance with IFRS 10 within the consolidated statement of changes in equity.

25. Related party disclosures

Related parties' transactions and balances

$ thousands	30 June 2024	30 June 2023
Management services expense[1]	$ 1,000	$ 1,000
Loans to related parties[2]	$ 1,184	$ 1,151

[1] Fees for management services received from The Carlyle Group.
[2] This amount corresponds to loan receivables from members of Executive Management. The amount is included within long-term trade and other receivables (Note 10).

26. Financial instruments and financial risk management

The carrying amounts and respective fair values of financial assets and liabilities as of 30 June 2024 are summarised as follows:

$ thousands		Carrying Amount 30 June 2024		Fair Value 30 June 2024
Financial assets at amortised cost				
Cash and cash equivalents	$	120,242	$	120,242
Trade and other receivables		100,695		100,695
Derivative Financial Assets		13		13
Investments		31,046		31,046
Financial liabilities at amortised cost				
Accounts payable	$	53,273	$	53,251
Accrued liabilities		42,444		42,444
Interest payable		1,695		1,695
Short-term debt		25,000		25,000
Derivative financial instruments		4,439		4,439
Lease liabilities		6,429		6,429
Long-term notes		587,841		587,841

The carrying amounts and respective fair values of financial assets and liabilities as of 31 December 2023 are summarised as follows:

$ thousands		Carrying Amount 31 December 2023		Fair Value 31 December 2023
Financial assets at amortised cost				
Cash and cash equivalents	$	88,679	$	88,679
Trade and other receivables		77,701		77,701
Derivative Financial Assets		20,294		20,294
Investments		33,870		33,870
Financial liabilities at amortised cost				
Accounts payable	$	75,783	$	75,240
Accrued liabilities		75,824		75,824
Interest payable		1,641		1,641
Short-term debt		20,000		20,000
Derivative financial instruments		1,316		1,316
Lease liabilities		6,667		6,667
Long-term notes		586,547		586,547

The Group's financial instruments have been assessed in accordance with 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 period ended 30 June 2024, and 31 December 2023. Assessment of the significance of a particular input to the fair value measurement requires judgement 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 facing 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 to it as they fall 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 two main counterparties. Management does not anticipate non-performance by any of the counterparties and therefore any expected credit loss is immaterial and not booked.

For the three months ended 30 June 2024 and 31 December 2023, the Group's largest customer accounted for approximately 92.0% and 89.1% of net sales respectively. The highest amount of trade receivables outstanding is with the same customer which has an investment-grade credit rating. There is no other significant concentration of customer credit risk.

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 short-term payments on oil delivery. Historically, the Group has not experienced any collection issues with its crude oil customers. As of 30 June 2024 and 31 December 2023, none of the crude oil receivables are impaired or past due.

Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents; and
- accounts receivable.

Cash and cash equivalents

$ thousands	30 June 2024		31 December 2023	
Cash and bank balances[1]	$	92,900	$	66,360
Cash equivalents[2]	$	27,342	$	22,319

[1] All of the Group's cash is held with financial institutions with Fitch credit global ratings A, AA-, BBB-, BB+, BB-, and Fitch credit ratings Fitch credit local ratings of AAA and AA+.
[2] This balance includes trust portfolios and tax certificates with maturities of three months or less.

Trade and other receivables

The Group applies IFRS 9's simplified approach, which uses a lifetime expected loss allowance for all trade receivables, to measure the expected credit losses. 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.

Account receivables 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 over 90 days.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall 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 utilises authorisations 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 30 June 2024 and 31 December 2023:

$ thousands	30 June 2024	31 December 2023
Less than 1 year	219,010	394,120
1–2 years	4,207	4,383
Greater than 1–2 years	777,720	760,752
Total	**$ 1,000,937**	**$ 1,159,255**

The following table provides a maturity analysis for the undiscounted, contractual and non derivative financial liabilities as of 30 June 2024 and 31 December 2023:

$ thousands	30 June 2024	31 December 2023
Less than 1 year	122,929	173,748
1–2 years	650	550
Greater than 1–2 years	593,103	592,164
Total	**$ 716,682**	**$ 766,462**

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 and income are denominated in Colombian pesos. As of 30 June 2024, the Group has foreign exchange derivative contracts in place (detailed in Note 22).

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 seek to mitigate commodity price risk using financial derivatives (Note 22).

$ thousands	30 June 2024	30 June 2023
Premium paid	4,023	1,233
Total	**$ 4,023**	**1,233**

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 because the Group is main debt is the 2028 Senior Notes described in Note 15. The rate on the bonds is fixed at 6%.

Capital management

The Group's objectives when managing capital are to: i) safeguard its ability to continue as a going concern, so that the group 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.

27. Commitments and contingencies

Exploratory commitments

The Group has net "Exploratory Commitments" for the contracts listed below, which are not included in the financial statements as liabilities:

Contract	Status	Concept	$ million	Status / comments
Putumayo-8 *	Active	Phases 1 and 2) 3D Seismic acquisition 45.77km2 pending of the 207km2 and three exploratory wells	10.6	The Company intends to transfer some of these commitments for exploratory wells to ION-01 under the LCI contract, drilled in October 2023, and CH-West-01 under the Chipiron contract, drilled in March 2024. This transfer is pending approval from the ANH.
Putumayo-9 *	Suspended	(Phase 1) 3D Seismic acquisition 127 km² and two exploratory wells	10.6	Block under suspension due to Force Majeure. Once FM ceases, the operation has 36 months to execute commitments
		Phase 2) Two exploratory wells		
Putumayo-36 *	Suspended	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	Block under suspension due to Force Majeure. Once FM ceases, the operation has 36 months to execute commitments
Mecaya *	Suspended	Phase 1 & 2) 3D Seismic acquisition 52 km²	2.0	Block under suspension due to Force Majeure. Once FM ceases, the operation has 36 months to execute commitments
		The exploration program is currently suspended while the required consultations with communities in the area are carried out		
		Phase 3) 3D Seismic acquisition 31.25 km²	0.5	
		Phase 4) One Exploratory well	2.0	
Terecay *	Suspended	Phase 1) 2D Seismic acquisition 476 km²	4.0	Block under suspension due to Force Majeure. Request to return block filed to ANH. Waiting on ANH response.
		The exploration program is currently suspended due to force majeure		
		Phase 2) Two exploratory wells	5.5	
		Phase 3) Two exploratory wells	5.5	
Tacacho *	Suspended	Phase 1) 2D Seismic acquisition 476 km²	4.0	Block under suspension due to Force Majeure. Request to return block filed to ANH. Waiting on ANH response.
		The exploration program is currently suspended due to force majeure.		
		Phase 2) Two exploratory wells	5.5	
		Phase 3) Two exploratory wells	5.5	
Llanos 39 *	Suspended	Phase 1) 3D Seismic acquisition 379 km² and two exploratory wells	7.4	Block under suspension due to Force Majeure. Once FM has ceases, the operation has 954 days to execute commitments
		Phase 2) Two exploratory wells or one exploratory well and the withdrawal of 50% of the remaining area	3.0	
Llanos 52 *	Suspended	Phase 1) 3D Seismic acquisition 292 kms2 and two exploratory wells	5.6	Block under suspension due to Force Majeure. Once FM has ceases, the operation has 630 days to execute commitments
		Phase 2) Two exploratory wells	2.9	
		Phase 1) 200ft. Coring	0.9	
Llanos 23 *	Active	Phase 1 and 2 Unified) 3D Seismic acquisition 138 km2	6.0	Exploratory phase under suspension due to Force Majeure. Current suspension until October 31, 2024. Once FM has ceases, operation has 292 days to execute commitments
Cosecha	Active	Phase 2) Two exploratory wells (one of which "new play"), 2024 to 2027	–	No financial commitment, just activity. As soon as prospects are identified, a budget will be determined

Contract		Status	Concept	$ million	Status / comments
Bolivar	(1)	Active	1) The acquisition and interpretation of seventy-eight square kilometers (78km2) of 3D seismic 2) The drilling of one (1) exploratory well (A3)	8.0	Commitments are due on 7 August 2025
Rondón	(2)	Active	One (1) near field exploration well	8.0	Well Caripeto-01 will be drilled in August, 2024
Total exploratory commitments				107.0	

* After the end of the current phase the Group can decide to continue with the next phase. Letters of credit ("**LC**") are issued to support current phase commitments, and amounts are set as required by each exploration contract.
(1) Bolivar contract extension commitments also include the drilling of one development well and seismic acquisition and reprocessing.
(2) Rondón contract extension commitments also include the drilling of two development wells by approximately $22 million.

Other 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.

28. Acquisitions of the Caracara, Llanos 22, Río Paez and San Jacinto Contracts

An affiliate of SCE entered into an agreement to acquire Cepsa Colombia S.A.'s (Cepsa) participating interests in the Caracara, Llanos 22, Río Paez, and San Jacinto contracts in Colombia. Net reserves for these assets amount to 6.8 million barrels of oil on a 2P basis at the end of 2023.

Subsequent to quarter-end, after satisfying applicable conditions precedent and regulatory approvals, the acquisition in respect of the Caracara and Llanos 22 interest was successfully completed.

29. Post balance sheet events

Grupo Bancolombia loan: Subsequent to the end of 2Q24, Cedco fully drew down the $74.0 million loan. Key terms of the agreement include an unsecured bilateral loan maturing in June 2027 with a two-year grace period.

In August 2024, the Group, through its subsidiaries, entered into new financial derivative contracts to mitigate market risks associated with exchange rate fluctuations for $45.0 million until 4Q24. The contracts have a weighted average strike price of COP $4,000/$4,533.

30. Ultimate controlling party

SCE is controlled by its immediate parent entity, Midco. The ultimate controlling party of Midco is The Carlyle Group, which holds the majority ownership, with the remainder owned by SCE´s management.

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