SierraCol reports fourth quarter and full year 2023 results

- SierraCol celebrates another year of stable production, reserve replacement, and advancements in decarbonisation initiatives.
- Share Before Royalties ("SBR") FY23 production of 43.0 kboed, at the midpoint of the guidance of 42 - 44 kboed
- Robust Reserves Replacement Ratio ("RRR") above 100% for both 1P and 2P reserves. 113% 2P RRR, achieving a replacement above 100% for the last 7 years. Delivered a solid 110% 1P RRR.
- 2P reserves of 118 million boe, and 1P reserves of 84 million boe, maintaining essentially flat our reserves life with a Reserves-to-Production ("R/P") ratio of 9.9 and 7.1 years, respectively.
- Earned an upgraded low-risk ESG rating of 19.9 from Sustainalytics, and were ranked 5th of 315 O&G companies, solidifying our top-tier position in the global oil and gas sector[1].
- Achieved a 47% reduction in CO_2e emissions compared to the 2020 baseline, setting us on track to achieve a 60% reduction vs the baseline by year-end 2024.
- Achieved a Total Recordable Incident Rate ("TRIR") of 0.55, marking a 10% reduction compared to 2022 and the lowest rate in the last 5 years.
- Generated a solid Adjusted EBITDAX of $647.0 million ($53.6/boe) and a healthy Free Cash Flow of $170.8 million[2] in FY23.
- Recorded Adjusted operating netback of $56.1/boe over a $82.2/bbl Brent price in FY23.
- Net leverage remains low at 0.8x, with $88.7 million in cash and cash equivalents, and maintaining high available liquidity of $203.0 million at year-end.
- Post year-end Cedco, an affiliate of SierraCol, entered into an agreement to acquire Cepsa's participating interests in the Caracara, Llanos 22, San Jacinto and Rio Páez contracts. Closing of the transaction is subject to conditions precedent, including regulatory approvals.
- In early 2024, Cedco entered into a $74 million bilateral unsecured credit agreement with Grupo Bancolombia for the purpose of funding an asset acquisition and other general corporate purposes. As of the date of this document, the loan has not been drawn down.

London, UK, 13 March 2024, SierraCol Energy Limited (the "Company", "SierraCol" or "SCE"), the direct parent of SierraCol Energy Andina, LLC, reports its operational and financial results for the fourth quarter and full year 2023 ("4Q23" and "FY23", respectively). A conference call and webcast for bondholders and analysts will be held on Thursday, 14 March 2024 at 11:00 a.m. Eastern Time.

This release should be read in conjunction with the consolidated financial statements for the period ended 31 December 2023 and the notes thereto, and related Management's Discussion and Analysis ("MD&A").

SierraCol's CEO, Bernardo Ortiz, said: "We are proud to announce SierraCol's 2023 results, marking a milestone as we celebrate three years of delivering on our promise to maintain stable production, replace reserves, and make substantial progress in decarbonising our operations. Our actions and performance in 2023 showcase our commitment to achieving those goals.

Furthermore, our exploratory success in the Caño Limón area underscores our belief in the potential of our fields to yield new opportunities. These achievements reflect our dedication to sustainable operations and environmental stewardship.

As we reflect on our journey over the past three years, we are proud of our accomplishments and excited about the future prospects for SierraCol."

[1] ESG rating awarded by Sustainalytics on 26 January 2024.
[2] Free cash flow for FY23 presented before $45.0 million contingent payment to Oxy in 2Q23

Key Figures

	4Q23	3Q23	4Q22[1]	Δ q/q	Δ y/y	FY23	FY22[1]	Δ y/y
Production & sales (kboed)								
Gross production	80.0	77.1	81.4	4%	-2%	79.5	81.4	-2%
SBR production[2]	43.9	41.7	44.2	5%	-1%	43.0	44.3	-3%
Net production	34.2	33.4	33.0	2%	4%	33.9	32.9	3%
Net sales	33.3	33.7	32.1	-1%	4%	33.1	32.1	3%
Operating netback per barrel of net sales ($/boe)								
Brent price	82.9	85.9	88.6	-4%	-7%	82.2	99.0	-17%
Realised price	78.7	81.3	81.3	-3%	-3%	76.3	91.9	-17%
Lifting cost	(20.6)	(22.8)	(16.5)	-9%	25%	(19.3)	(14.9)	30%
Transport cost	(1.1)	(1.0)	(0.8)	13%	41%	(0.9)	(0.9)	-4%
Adjusted operating netback per boe[2]	56.9	57.6	64.0	-1%	-11%	56.1	76.1	-26%
Administrative expenses	(4.7)	(2.8)	(4.4)	70%	6%	(3.4)	(3.2)	7%
Realised loss on oil derivatives	(0.4)	(0.5)	(0.3)	-10%	41%	(0.4)	(4.2)	-89%
Other[3]	3.7	1.2	(1.6)	208%	nm	1.3	0.8	63%
Operating netback[2]	55.6	55.6	57.7	–%	-4%	53.6	69.5	-23%
Adjusted EBITDAX ($ million)								
Total revenue	241.2	252.5	240.2	-4%	–%	921.5	1,076.2	-14%
Lifting cost	(63.2)	(70.7)	(48.7)	-11%	30%	(233.2)	(174.8)	33%
Transport cost	(3.5)	(3.1)	(2.5)	12%	39%	(10.4)	(10.3)	2%
Adjusted operating netback[2]	174.5	178.7	189.0	-2%	-8%	677.9	891.1	-24%
Administrative expenses	(14.3)	(8.5)	(12.9)	68%	11%	(41.5)	(37.6)	10%
Realised loss on oil derivatives	(1.3)	(1.5)	(1.0)	-11%	35%	(5.3)	(49.6)	-89%
Other[3]	11.5	3.7	(4.7)	207%	nm	16.0	10.2	56%
Adjusted EBITDAX[2]	170.4	172.4	170.5	-1%	–%	647.0	814.1	-21%
Key financial results ($ million)								
Net income	91.5	76.8	42.8	19%	114%	300.7	295.9	2%
Capex and exploration expenditures[2]	63.9	50.8	78.5	26%	-19%	188.4	204.9	-8%
Free Cash Flow[2]	133.0	(34.2)	112.4	nm	18%	170.8	401.2	-57%
Cash & cash equivalents	88.7	107.3	106.2	-17%	-16%	88.7	106.2	-16%
Net debt[2]	538.0	539.5	494.8	–%	9%	538.0	494.8	9%

[1] The Final Offering Memorandum for the Senior Notes defined that results from the Teca-Cocorna Collaboration Agreement ("Teca") would be removed from our presentation of Adjusted EBITDAX, as its operations were limited to care and maintenance. According to the updated perspective for the asset, from 1Q23 onwards we present the Teca result within Adjusted EBITDAX, Free Cash Flow, and capex and exploration expenditures. Prior quarters have been updated to reflect this view. | [2] See "Non-IFRS Measures" section. | [3] Other includes prepaid expenses, other income/expenses (net), realised foreign exchange gain (loss), fair value remeasurements and non-recurring costs; in the fourth quarter, it includes other income of $7.8 million as a result of the estimation update in the decommissioning liability.

Operational update

- FY23 SBR production of 43.0 kboed at the midpoint of the SBR production guidance of 42 – 44 kboed.
- 4Q23 Share Before Royalties ("SBR") production was 43.9 kboed, 2.2 kboed higher q/q. Production increased across all assets tied to development drilling and workover campaign results in the Llanos basin and La Cira Infantas recovery from surface equipment issues.
- In FY23, 42 new wells were drilled and completed and 70 workover jobs were executed. During the quarter, 19 wells were drilled and completed and 28 workover jobs were executed.
- During the quarter, 100% of the Caño Limón area production was shipped via the Caño Limón-Coveñas ("CLC") pipeline and 79% was shipped through this main pipeline in FY23.
- Successful exploration well in the Caño Limón area; the well had an initial flow rate of ~3,800 bod of light oil.

Replacing 1P and 2P reserves over 100%

- Reached a 113% 2P Reserves Replacement Ratio ("RRR"), achieving a replacement ratio record above 100% for the last 7 years. Delivered a solid 110% 1P RRR.
- 2P reserves of 118 million boe, and 1P reserves of 84 million boe, maintaining essentially flat our reserves life with a Reserves-to-Production ("R/P") ratio of 9.9 and 7.1 years, respectively.

Guidance 2024

- SBR production guidance for 2024 of 42 – 44 kboed.
- Capital and exploration expenditures guidance for 2024 of $170 – $200 million.

Committed to ESG goals and safe operations

- Achieved top-tier worldwide ESG rating by Sustainalytics for the second consecutive year, with a low-risk score of 19.9. SierraCol ranked 5th out of 315 global O&G companies.
- 47% reduction in net CO_2e emissions by year-end 2023, vs the 2020 baseline. On track to deliver a 60% reduction in net CO_2e emissions vs 2020 baseline by year-end 2024.
- Net emissions intensity factor improved from 33.4 in 2020 to 18.8 kg CO_2e/boe in 2023.
- 2023 Total Recordable Injury Rate ("TRIR") at 0.55, the best performance in the last 5 years and a 10% improvement vs 2022.

Financial metrics

- Average realised price of $76.3/boe vs Brent of $82.2/ bbl for FY23.
- Revenue from oil sales in FY23 was $918.5 million, down 14% y/y mainly due to lower realisations of $187.2 million partially offset by higher sale volumes of $32.3 million.
- Adjusted EBITDAX of $647.0 million for FY23, down 21% y/y, mainly driven by a 17% decrease in Brent y/y and a 33% increase in lifting cost y/y.
- Adjusted operating netback of $56.1/boe, and Operating netback of $53.6/boe for FY23.
- Capex for FY23 stood at $188.4 million, slightly below 2023 guidance of $190 - $210 million.
- Free Cash Flow of $170.8 million for FY23.

Ample liquidity and low net leverage

- Total available liquidity of $203.0 million (cash and cash equivalents of $88.7 million plus $114.3 million in undrawn amounts of committed credit lines).
- During 4Q23, the Company repaid $20.0 million outstanding under the Revolving Credit Facility ("RCF"). After year-end $13.0 million was drawn down to support working capital requirements.
- Uncommitted credit lines of $171.0 million at year-end 2023.
- Net debt of $538.0 million with cash and cash equivalents of $88.7 million, and net leverage of 0.8x.

- Dividend payments of $100.0 million to the equity holder and $34.5 million to non-controlling interest during 2023.

Risk management

Brent hedging

- The Company's target is to hedge between 40% to 60% of its expected hedgeable production, six to twelve months ahead.
- The table below provides a summary of the current commodity hedging positions as of the date of this document:

Type of Instrument	Term	Benchmark	Volume (bbl)	Avg. long put strike price ($/bbl)
Put	Jan-24 to Aug-24	Brent	3,929,633	65.0
Put	Sep-24 to Dec-24	Brent	1,841,025	60.0

- As of the date of this document, we have hedged 52% of our hedgeable production until December 2024, with a weighted average long put strike price of $63.4/bbl.

Currency hedging programme

- We have currently open currency hedging positions to manage volatility in the foreign exchange rate of Colombian peso to US dollar, hedging approximately 50% of the Company's cash needs in Colombian peso.
- The table below provides a summary of the current currency hedging positions as of the date of this document:

Type of Instrument	Term	Benchmark	Volume ($ million)	Avg. Put / Call	Avg. Forward rate
Zero-cost collar	Jan-24 to Mar-24	COP / USD	$45.0	4,067 / 4,623	
Zero-cost collar	Apr-24 to Jun-24	COP / USD	$45.0	4,183 / 4,778	
	1Q24 - 2Q24	COP / USD	$90.0	4,125 / 4,701	
Forward	Feb-24	COP / USD	$16.2		4,306
Forward	Apr-24	COP / USD	$51.5		4,360
Forward	Jun-24	COP / USD	$51.0		4,410
	1Q24 - 2Q24	COP / USD	$118.7		4,374

Subsequent events

- Post year-end, Cedco, an affiliate of SCE, entered into an agreement to acquire Cepsa Colombia S.A. (Cepsa)'s participating interests in the contracts Caracara, Llanos 22, San Jacinto and Rio Páez, in Colombia. The 2022 audited net reserves for these assets added up to 7.7 million barrels of oil on a 2P basis. Closing of the transaction is subject to conditions precedent, including regulatory approvals, which can take several months. Until such time, Cepsa will continue to operate the assets.
- In early 2024, Cedco entered into a $74 million bilateral unsecured credit agreement with Grupo Bancolombia for the purpose of funding an asset acquisition and other general corporate purposes. Key terms of the agreement include maturity in June 2027 and a two-year grace period. As of the date of this document, the loan has not been drawn down.

Conference call and webcast

SierraCol will hold a conference call to present our 4Q23 and FY23 financial and operational results on Thursday, 14 March 2024 at 11:00 a.m. Eastern Time.

Bondholders and analysts are invited to participate in the call or webcast using the following dial-in numbers or links:

Participant dial-in numbers	Toll Free (US/Canada): 1-877-407-9716 Toll/International: 1-201-493-6779 Call me™
Webcast link	https://viavid.webcasts.com/starthere.jsp?ei=1651410&tp_key=d56745eb0f

Add event to calendar: Outlook/iCal Google Calendar

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

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

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

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

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