SierraCol reports first quarter 2024 results

- Increased SBR[1] production to 45.7 kboed in 1Q24, up 4% q/q, reflecting the exploration success in the REX-NE North well and strong performance in the Caño Limón area.
- Generated a solid Adjusted EBITDAX of $180.5 million during the quarter, with a Last-Twelve-Months ("LTM") figure standing at $654.7 million. Adjusted EBITDAX margin stood high at 73% in 1Q24.
- Strong Adjusted operating netback of $58.4/boe, leveraged by lower lifting costs, down 18% q/q, as part of our ongoing cost-optimisation initiative mainly focused on energy and well work efficiency programmes.
- Maintained healthy liquidity with $110.8 million in cash and cash equivalents, and total available liquidity of $221.9 million at quarter-end.
- Net leverage remains low at 0.8x.
- Moody´s affirmed SierraCol's credit rating at B1 with a stable outlook.
- After quarter-end, in April, SierraCol released its 2023 Sustainability Report, including the Task force on Climate-related Financial Disclosures ("TCFD") and the Task force on Nature-related Financial Disclosures ("TNFD"), reaffirming our commitment to ESG transparency and performance excellence.

London, UK, 15 May 2024, SierraCol Energy Limited (the "Company", "SierraCol", "SCE" or "we"), the direct parent of SierraCol Energy Andina, LLC, reports its operational and financial results for the first quarter 2024 ("1Q24"). A conference call and webcast for bondholders and analysts will be held on Thursday, 16 May 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 March 2024 and the notes thereto, and related Management's Discussion and Analysis ("MD&A").

SierraCol's CEO, Bernardo Ortiz, said: "We are pleased with our strong start to the year, marked by increased production, solid financial performance, and ongoing progress in cost management. Our results reflect the dedication of our teams.

We are also proud of our fourth Sustainability Report, which provides a comprehensive overview of our ESG commitments and management practices."

[1] SBR: Share Before Royalties

Key Figures

	1Q24	4Q23	1Q23	Δ q/q	Δ y/y
Production & sales (kboed)					
Gross production	82.7	80.0	83.2	3%	-1%
SBR production[1]	45.7	43.9	44.6	4%	2%
Net production	38.1	34.2	34.9	11%	9%
Net sales	35.7	33.3	34.0	7%	5%
Operating netback per barrel of net sales ($/boe)					
Brent price	81.8	82.9	82.1	-1%	–%
Realised price	76.1	78.7	74.2	-3%	3%
Lifting cost	(16.9)	(20.6)	(14.8)	-18%	14%
Transport cost	(0.8)	(1.1)	(0.7)	-28%	12%
Adjusted operating netback per boe[1]	58.4	56.9	58.6	3%	–%
Administrative expenses	(2.6)	(4.7)	(3.3)	-45%	-21%
Realised loss on oil derivatives	(0.6)	(0.4)	(0.4)	45%	53%
Other[2]	0.4	3.7	1.4	-89%	-71%
Operating netback[1]	55.6	55.6	56.4	–%	-1%
Adjusted EBITDAX ($ million)					
Total revenue	247.2	241.2	227.3	3%	9%
Lifting cost	(55.0)	(63.2)	(45.4)	-13%	21%
Transport cost	(2.7)	(3.5)	(2.2)	-23%	18%
Adjusted operating netback[1]	189.6	174.5	179.7	9%	6%
Administrative expenses	(8.4)	(14.3)	(10.1)	-41%	-17%
Realised loss on oil derivatives	(2.0)	(1.3)	(1.2)	53%	62%
Other[2]	1.3	11.5	4.4	-88%	-70%
Adjusted EBITDAX[1]	180.5	170.4	172.8	6%	4%
Adjusted EBITDAX margin[1]	73%	71%	76%	3%	-4%
Key financial results ($ million)					
Net income	75.2	91.5	75.8	-18%	-1%
Capex and exploration expenditures[1]	36.7	63.9	29.2	-43%	26%
Free Cash Flow[1]	9.3	133.0	62.8	-93%	-85%
Cash & cash equivalents	110.8	88.7	115.2	25%	-4%
Net debt[1]	528.7	538.0	490.8	-2%	8%

[1] See "Non-IFRS Measures" section in the MD&A document. | [2] Other includes prepaid expenses, other income/expenses (net), realised foreign exchange gain (loss), fair value remeasurements and non-recurring costs; in 4Q23, it includes other income of $7.8 million as a result of the estimation update in the decommissioning liability.

Operational update

- 1Q24 Share Before Royalties ("SBR") production was 45.7 kboed, 4% higher q/q, mainly driven by the success of the REX-NE North exploratory well and the positive outcomes of the development drilling and workover campaigns in the Caño Limón area.
- During 1Q24, 2 active rigs drilled and completed 18 development wells, while 27 workover jobs were executed.
- In 1Q24, the Chipirón West exploratory well in the Caño Limón area was drilled and declared dry hole.
- Over the quarter, 72% of the Caño Limón area production was shipped via the Caño Limón-Coveñas ("CLC") pipeline, while the remaining 28% of crude oil was shipped through the alternative Bicentenario ("OBC") pipeline.

Committed to ESG goals

- After quarter-end, we released the 2023 Sustainability Report in April, including our Task force on Climate-related Financial Disclosures (TCFD) and Task force on Nature-related Financial Disclosure (TNFD) disclosures.
- SierraCol remains on track to deliver a 60% reduction in net CO2e emissions by year-end 2024 vs the 2020 baseline.

Financial update

- Brent price was $81.8/bbl for 1Q24 vs $82.9/bbl for 4Q23, with a realised price of $76.1/bbl for 1Q24.
- Revenue from oil sales in 1Q24 was $246.5 million, up 3% q/q mainly due to higher sales volumes resulting in a benefit of $14.1 million, partially offset by lower sales price, which had an impact of $8.0 million.
- Lifting cost decreased $8.2 million and the cost per barrel decreased 18% q/q as a result of optimisation actions implemented since 2H23, mainly focused on energy and well work efficiency programmes.
- Adjusted Operating netback of $58.4/boe, and Operating netback of $55.6/boe for 1Q24.
- Adjusted EBITDAX of $180.5 million for 1Q24, up 6% q/q, mainly driven by a 13% decrease in lifting costs and a 41% decrease in administrative expenses, along with a 3% increase in revenue.
- Adjusted EBITDAX margin increased from 71% to 73% q/q.
- Capex and exploration expenditures of $36.7 million for 1Q24.
- Free Cash Flow of $9.3 million for 1Q24, down $123.7 million q/q mainly due to $42.7 million of tax payments and an impact of $126.9 million from changes in working capital. This was partially offset by a $27.2 million decrease in capital and exploration expenditures, as well as a $10.1 million increase in Adjusted EBITDAX.
- Working capital change of $126.9 million q/q mainly attributed to: i) an increase in accounts receivable of $51 million, ii) higher supplier payments of $49 million in 1Q24 resulting from increased activity during 4Q23 and, iii) lower VAT collected in sales of $20 million.

Ample liquidity and low net leverage

- Total available liquidity of $221.9 million (cash and cash equivalents of $110.8 million plus $111.1 million in undrawn amounts of committed credit lines).
- During 1Q24, $13.0 million was drawn down from the Revolving Credit Facility ("RCF") to support working capital requirements. The BTG short-term loan was increased and extended until October 2024 by an additional $5.0 million for a total amount of $25.0 million. After quarter-end, the additional amount was drawn.
- Total uncommitted credit lines have been increased by $63.0 million in 2024, from $163.0 million to $226.0 million.
- Net debt of $528.7 million with cash and cash equivalents of $110.8 million, and net leverage of 0.8x.
- After quarter-end, the third and final contingent payment to Oxy was made for $25.0 million.
- The Grupo Bancolombia loan of $74.0 million remains undrawn.

Credit ratings

- During the quarter, Moody's affirmed SierraCol's credit rating at B1 with a stable outlook.

Business acquisition

- Cedco, an affiliate of SCE, entered into an agreement to acquire Cepsa Colombia S.A. (Cepsa)'s participating interests in the Caracara, Llanos 22, San Jacinto, and Rio Páez contracts in Colombia, subject to customary regulatory approvals, which are currently underway. A bilateral unsecured credit agreement was closed for the purpose of funding the asset acquisition and other general corporate purposes.

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	Apr-24 to Aug-24	Brent	2,607,581	65.0
Put	Sep-24 to Dec-24	Brent	2,049,578	60.0

- As of the date of this document, we have hedged 56% of our hedgeable production until December 2024, with a weighted average long put strike price of $63/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 60% 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	Apr-24 to Jun-24	COP / USD	$45.0	4,183 / 4,778	–
	2Q24	COP / USD	$45.0	4,183 / 4,778	–
Forward	Apr-24	COP / USD	$51.5	–	4,360
Forward	Jun-24	COP / USD	$51.0	–	4,410
	2Q24	COP / USD	$102.5	–	4,385

Conference call and webcast

SierraCol will hold a conference call to present our 1Q24 financial and operational results on Thursday, 16 May 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=1665489&tp_key=a10b8233e1

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