



ANNOUNCEMENT

Sierra Oil & Gas announces agreement with Deutsche Erdoel AG

Mexico City, December 4, 2018 – Sierra Oil & Gas announced today the signing of an agreement that will result in Sierra's business being integrated with Deutsche Erdoel AG (DEA AG), an international independent exploration and production company headquartered in Germany.

Upon completion of the transaction, Sierra will be integrated into Deutsche Erdoel México, a fully-owned subsidiary of DEA AG. The resulting portfolio will consist of ten exploration blocks and one onshore production block and is expected to require capital investment of more than 2 billion US dollars over the next five years.

With this agreement, DEA AG commits to participate in the drilling of 9 offshore exploration wells and to the development of Zama, a world class discovery expected to provide a significant contribution to oil production growth in Mexico in the near term.

Established in 1899 and with a diversified portfolio of assets across Europe, North Africa and Latin America, DEA AG is one of the largest independent oil and gas companies in Europe. DEA AG has operated in Mexico since 2015 and has offices in Mexico City and Villahermosa. Deutsche Erdoel México is the operator of the onshore Ogarrío oil field in partnership with Pemex, and holds interests in four offshore exploration blocks in the Tampico Misantla and Sureste Basin.

Ivan Sandra, CEO of Sierra Oil & Gas, commented: "We are very pleased to have secured an experienced and well capitalized industrial investor that brings valuable technical talent and international know-how into our organization. Our drilling program for 2019, which has taken years to plan, involves three appraisal wells in Zama and four exploration wells in other blocks, making Sierra one of the most active players in Mexico next year. With the support of DEA AG we expect to be able to realize the full potential of our asset base, delivering a faster development of the Zama discovery and ultimately making a significant contribution to the Mexican oil and gas industry."

The transaction is expected to be completed during the first half of 2019, subject to regulatory approvals.



ANNOUNCEMENT

About Sierra Oil & Gas

Sierra Oil and Gas is based in Mexico City and the leading independent oil and gas company in Mexico. On the back of its participation in several CNH-managed and highly competitive bid rounds from 2015 to 2018, Sierra Oil & Gas was awarded a total of 6 offshore exploration blocks located in the South East of Mexico, having offered the highest revenues to the Mexican government in each round and a commitment to drill a total six wells. Sierra Oil & Gas is a highly entrepreneurial company, led by an experienced management team and committed to adhering to the best international standards of corporate governance, transparency and ethical conduct of business. Sierra Oil and Gas has been a pioneer in establishing collaborations with academic institutions such as UNAM and ITAM, as well as the Mexican Petroleum Institute (IMP), aimed at conducting advanced research, education and training in the Mexican oil and gas sector.

Press Contact
Sierra Oil & Gas
info@sierraoil.mx
+52 (55) 1037-3600

Carral Sierra
prensa@carralsierra.com.mx
+52 (55) 6273-6363 | +52 1(55) 5105-5907

José Manuel Sierra
jmsierra@carralsierra.com
+52 (55) 5105-5907
Saira Sánchez
saira.sanchez@carralsierra.com
+52 (55) 3959-1047