

Canacol Energy Ltd. Provides 2024 Capital and Gas Sales Guidance

CALGARY, Alberta , Feb. 05, 2024 -- Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide its capital and gas sales guidance for 2024. Dollar amounts are expressed in United States dollars, with the exception of Canadian dollar unit prices ("C\$") where indicated and otherwise noted.

The Corporation announces that its 2024 capital budget is between \$138 million and \$151 million. Forecast average realized contractual gas sales for 2024, which include downtime, are anticipated to range between 160 and 177 million cubic feet per day ("MMcfd"). The Corporation's firm 2024 take-or-pay contracts alone average 124 MMcfd, net of contractual downtime. The average wellhead sales price, net of transportation costs, is approximately \$6.04/Mcf for our firm take-or-pay contracts. The average wellhead sales price (including take or pay and interruptibles volumes), net of transportation costs, is expected to average \$6.59/Mcf.

Forecast interruptible sales include potential sales to the Celsia-operated Tesorito gas-fired power plant, in which the Corporation holds a 10% stake. The plant operates intermittently to supply electricity to the national grid during periods of high electrical demand. When operating at full capacity the plant will consume approximately 40 million standard cubic feet per day to generate around 200 MW of electricity.

Corporate Strategy Update

Charle Gamba, President and CEO of Canacol, stated: "As we previously stated, the Corporation's long-term plan is focused on i) maintaining and growing our reserve base and production from our core assets in the Lower Magdalena Valley Basin, targeting the full use of existing transportation infrastructure; ii) exploring high impact exploration opportunities in the Middle Magdalena Valley Basin; iii) strategic entrance into the gas market in Bolivia, and iv) continue to improve our ESG scores.

For 2024, the Corporation is focused on the following objectives:

- 1) In line with maintaining and growing our reserves and production in our core gas assets in the Lower Magdalena Valley Basin ("LMV"), we have planned comprehensive development and exploration programs. We aim to optimize our production and increase reserves by drilling up to 5 development wells, install new compression and processing facilities as required, and workover operations of producing wells in our key gas fields. We will also drill 4 exploration wells, complete the acquisition of 249 square kilometers of 3D seismic to add new reserves and production and to identify new drilling prospects. These development and exploration activities are planned to support our robust EBITDA generation and allow us to capitalize on strong market dynamics in 2024.
- 2) Maintaining a low cost of capital, cash liquidity and balance sheet flexibility to invest for the long term. In a year of expected, highly supportive gas market dynamics, we are tactically prioritizing investments in the LMV and have therefore decided to postpone drilling of the Pola 1 exploration well located in the Middle Magdalena Valley Basin to 2025.
- 3) Bolivia: achieve the government's approval of a fourth E&P contract that covers an existing gas field reactivation, to begin development operations with a view to adding reserves and production and commencing gas sales in 2025.
- 4) Continue with our commitment to our environmental, social and governance strategy.

2024 Corporate Guidance

Provided below is the Corporation's guidance for 2024:

Highlights	2023E	2024 Low End Guidance	2024 High End Guidance
Natural Gas Sales Volume (MMcfd)	178	160	177
EBITDA (\$ millions)	236	250	290
Capital Expenditures (\$ millions)	205	138	151

2024 Capital Program

	2023E	2024 Low End Guidance	2024 High End Guidance
Development and Maintenance	\$95	\$73	\$77
Exploration (Wells, Seismic, and EIA)	\$90	\$48	\$56
Administrative, social, environmental and other	\$20	\$17	\$18
Total capital expenditures	\$205	\$138	\$151

The 2024 capital program balances the continued development of our existing reserves to optimize our production with

exploration, targeting the addition of new reserves and production.

During the first half of 2024, we are planning an active development drilling and workover program, coupled with investments in additional compression and processing facilities, to ensure that sufficient productive capacity exists to meet potentially high gas demand during the first half of 2024 related to the effects of El Nino. Our development plans include the drilling of up to 5 new wells. Our exploration plans include the drilling of 2 relatively low risk Cienaga de Oro prospects located close to transportation infrastructure in our core producing area, and 2 exploration wells targeting higher impact, slightly higher risk prospects which have the potential to open up new production areas.

2024 Financial Highlights

	2023E	2024 Low End Guidance	2024 High End Guidance
Natural gas sales volume (MMcfd)	178	160	177
Interruptible spot sales as a % of total	17%	23%	30%
Average gas sales price (\$/Mcf)	\$5.41	\$6.59	\$6.59
Netback (\$/Mcf)	\$4.11	\$4.91	\$4.99
EBITDA (\$ millions)	\$236	\$250	\$290
Capital expenditures (\$ millions)	\$205	\$138	\$151

As we have stated before, one of our long-term corporate objectives is to reduce debt. However, given current favorable gas market dynamics, the Corporation has decided to maintain substantial investments in its key producing blocks located in the Lower Magdalena Valley Basin, aimed at capitalizing on the prevailing market conditions. As a result of favorable market conditions that we expect to help us achieve high netbacks during 2024, we anticipate ending 2024 with net debt to EBITDA levels of 2.4x to 2.8x, which falls well below our debt covenants of 3.25x to 3.5x.

A 5% increase/decrease in average sales price (+/- \$0.33/Mcf) will have an EBITDA impact of approximately \$16 million and \$18 million on the low end guidance and the high end guidance, respectively.

The Corporation will continue to evaluate the Return of Capital to Shareholders on a quarterly basis, in accordance with the Corporation's policy, aiming to achieve a balanced assessment of the Corporation's strategy while being conscious of the diverse interests of our stakeholders.

The Corporation will provide regular production and operational updates on a quarterly basis starting with the first quarter of 2024. Material changes with respect to gas sales, exploration drilling results, or any other matters during the quarter will continue to be disclosed in accordance with applicable material information disclosure requirements.

About Canacol

Canacol is a natural gas exploration and production company with operations focused in Colombia. The Corporation's common stock trades on the Toronto Stock Exchange, the OTCQX in the United States of America, and the Colombia Stock Exchange under ticker symbol CNE, CNNEF, and CNE.C, respectively.

Forward-Looking Statements

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. All statements other than statements of historical fact contained in this news release may be forward-looking statements. Such statements can generally be identified by words such as "may," "target," "could," "would," "will," "should," "believe," "expect," "anticipate," "plan," "intend," "foresee" and other similar words or phrases. In particular, forward-looking statements herein include, but are not limited to, statements relating to the expectations regarding the use of proceeds of the proposed offering. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. Canacol believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements are made as of the date of this news release and Canacol assumes no obligation to update or revise them to reflect new events or circumstances, except as expressly required by applicable securities law. Further information regarding risks and uncertainties relating to Canacol and its securities can be found in the disclosure documents filed by Canacol with the securities regulatory authorities, available at www.sedar.com.

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