

Canacol Energy Ltd. Addresses Concerns Regarding Debt Obligations and Liquidity

CALGARY, Alberta, March 26, 2024 -- Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) comments regarding certain concerns of our debt obligations:

As announced on March 22, 2024, during the Corporation's Fourth Quarter 2023 Conference Call, the Corporation is in compliance with all of its debt covenants and there is no indication of any possible breach. As of December 31, 2023, the Corporation's Consolidated Leverage Ratio was 2.85x. The 2028 Senior Notes Consolidated Leverage Ratio Covenant is 3.25x (incurrence based) and the Revolving Credit Facility covenant is 3.50x (maintenance based), as such the Corporation is well inside those covenant restrictions.

Any speculation that the Corporation may not be paying its next coupon is completely false and Canacol reaffirms its commitment to meet all its future financial obligations.

Our recently completed corporate restructuring will result in a significant reduction of current tax expense in 2024 and forward, providing enhanced liquidity which could be used for debt reduction, including potential repurchasing of senior notes should the pricing remain suppressed.

The Corporation is prioritizing cash liquidity and balance sheet preservation, and, as announced in a press release on March 21, 2024, the Corporation has made the decision to discontinue the quarterly dividend. Discontinuing the dividend increases balance sheet flexibility and cash liquidity in the short term and is in the best interest of all stakeholders. In addition, the Corporation has access to additional sources of liquidity, if needed, such as the sale of non-core, non-gas assets.

As previously announced in our Corporate Guidance press release, given strong natural gas market dynamics in Colombia, the Corporation expects to generate between \$250 - \$290 million in EBITDA during 2024, which is between 6% and 22% higher than 2023's EBITDA.

Gas scarcity in Colombia and limited options to import gas as reported by multiple sources in recent months, is expected to continue for the foreseeable future which is supportive of high natural gas prices and the Corporation's ability to generate additional EBITDA.

The Corporation will be prepaying its 2024 tax installments as required by Colombian regulation in the first half of the year, however cash requirements are expected to decline in the second half of 2024 and into 2025.

As per the Corporation's audited reserves report as of December 31, 2023, Canacol maintains a strong reserves base of 295 Bcf on the proved category and 607 Bcf on the proved plus probable category, with a Reserve Life Index "RLI" of 4.8 and 9.9 years, respectively. Also, the Corporation has 161 Bcf of Proved Developed Not Producing ("PDNP") reserves derived from Proved Developed Producing ("PDP") reserves technical revisions, as certain wells in Nelson, Clarinete, and Alboka that were producing as of December 31, 2022 were not producing and awaiting workovers to restart production at December 31, 2023.

The Corporation is preparing a press release concerning its most recent gas discovery, Pomelo 1, which shall be issued shortly.

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 CNEC, respectively.

Forward-Looking Statements

This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Corporation's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "believe", "continue", "trend", "sustain", "project", "expect", "forecast", "budget", "goal", "guidance", "plan", "objective", "strategy", "target", "intend", "estimate", "potential", or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements about our strategy, plans, focus, objectives, priorities and position.

In particular, and without limiting the generality of the foregoing, this press release contains forward-looking information with respect to: the Corporation's future compliance with all of its debt covenants; the Corporation's ability to pay its next coupon; the Corporation's ability to meet all of its future financial obligations; the reduction of the Corporation's tax expense in 2024 following its corporate restructuring; the reduced tax expense providing enhanced liquidity for the Corporation; the potential debt reduction and repurchase of senior notes; additional sources of liquidity; expected EBITDA during 2024; the availability

and price of gas in Colombia; the prepayment of 2024 tax installments and the expected cash requirements for the Corporation in 2024 and 2025; and the Corporation's most recent gas discovery, Pomelo 1. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking information is based on certain key expectations and assumptions made by our management, including: current commodity prices and royalty regimes; timing and amount of capital expenditures; our ability to execute our plans in the short-term and long-term as described herein and in the Corporation's other disclosure documents and the impact that the successful execution of such plans will have on the Corporation; the price of oil, natural gas liquids and natural gas; conditions in general economic and financial markets; the impact of rising and/or sustained high inflation rates and interest rates; future exchange rates; availability of drilling and related equipment; effects of regulation by governmental agencies; recoverability of reserves; royalty rates; future operating costs; performance of existing and future wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop its oil and gas properties in the manner currently contemplated; that the estimates of the Corporation's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; and other matters.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Canacol can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. These include, but are not limited to: the impact of general economic and political conditions in Colombia; industry conditions, including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced in Colombia; pandemics and epidemics; volatility in market prices for oil, natural gas liquids and natural gas; the risk that any of our material assumptions prove to be materially inaccurate, including our 2024 forecast (including for commodity prices and exchange rates); imprecision in reserve and resource estimates; operational constraints due to debt; lack of availability of additional financing; failure to comply with debt covenants or deterioration in the Corporation's credit rating; competition; the results of exploration and development drilling and related activities; the Corporation's ability to recover reserves and resources; production rates and production decline rates; environmental risks; the production and growth potential of our assets; obtaining required approvals of regulatory authorities in Colombia; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; risks associated with acquisitions and dispositions; fluctuations in foreign exchange or interest rates; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and natural gas industry; risk that the Corporation will not be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other factors, many of which are beyond the control of the Corporation. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR+ website (www.sedarplus.ca). These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about our forecast of \$250 - \$290 million in EBITDA during 2024 and our forecast about liquidity and cash requirements; all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The actual results of operations of Canacol and the resulting financial results will likely vary from the amounts set forth herein and such variation may be material. Canacol and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is subjective and subject to numerous risks, it should not be relied on as necessarily indicative of future results. Except as required by applicable securities laws, Canacol undertakes no obligation to update such FOFI. FOFI contained in this press release was made as of the date of this press release and was provided for the purpose of providing further information about Canacol's anticipated future business operations. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.

Use of Non-IFRS Financial Measures

This press release refers to certain financial measures that are not determined in accordance with IFRS. Measures such as earnings before interest, tax, depreciation and amortization ("**EBITDA**") are not standard measures under IFRS and, therefore, may not be comparable to similar measures reported by other entities. Management believes that these supplemental measures facilitate the understanding of the Corporation's results of operations and financial position. These financial measures are considered additional IFRS or non-IFRS financial measures. Readers are cautioned that these measures should not be construed as an alternative to measures determined in accordance with IFRS as an indication of the

Corporation's performance. Readers should refer to the Corporation's 2023 annual financial statements and associated management discussion and analysis filed on the SEDAR+ website (www.sedarplus.ca) for a full discussion of the Corporation's financial performance and a reconciliation of these measures to their most closely related IFR measures.

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