CANACOL ENERGY LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022

FINANCIAL & OPERATING HIGHLIGHTS

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

Financial	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Total natural gas, LNG and crude oil revenues, net of royalties and transportation expense	**78,104**	72,802	7%	**229,793**	198,589	16%
Adjusted funds from operations[1]	**38,715**	38,227	1%	**111,617**	110,156	1%
Per share – basic ($)[1]	**0.23**	0.22	5%	**0.65**	0.62	5%
Per share – diluted ($)[1]	**0.23**	0.22	5%	**0.65**	0.62	5%
Net (loss) income and other comprehensive (loss) income	**(4,463)**	8,790	n/a	**13,550**	8,153	66%
Per share – basic ($)	**(0.03)**	0.05	n/a	**0.08**	0.05	60%
Per share – diluted ($)	**(0.03)**	0.05	n/a	**0.08**	0.05	60%
Cash flow provided by operating activities	**61,994**	57,046	9%	**135,395**	94,933	43%
Per share – basic ($)[1]	**0.36**	0.32	13%	**0.79**	0.53	49%
Per share – diluted ($)[1]	**0.36**	0.32	13%	**0.79**	0.53	49%
Adjusted EBITDAX[1]	**56,015**	53,836	4%	**160,847**	145,190	11%
Weighted average shares outstanding – basic	**170,785**	177,245	(4%)	**171,359**	178,675	(4%)
Weighted average shares outstanding – diluted	**170,785**	177,245	(4%)	**171,359**	178,675	(4%)
Capital expenditures, net of dispositions[1]	**50,130**	24,177	107%	**123,246**	78,384	57%
				September 30, 2022	December 31, 2021	Change
Cash and cash equivalents				**92,493**	138,523	(33%)
Working capital surplus				**75,325**	148,124	(49%)
Total debt				**552,041**	557,709	(1%)
Total assets				**876,444**	843,760	4%
Common shares, end of period (000's)				**170,772**	176,167	(3%)

Operating	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Natural gas, LNG and crude oil production[1]						
Natural gas and LNG (MMscfpd)	**186,695**	192,402	(3%)	**186,808**	181,712	3%
Colombia oil (bopd)	**544**	394	38%	**515**	305	69%
Total (boepd)	**33,298**	34,149	(2%)	**33,288**	32,184	3%
Realized contractual sales[1]						
Natural gas and LNG (MMscfpd)	**184,163**	190,553	(3%)	**184,655**	179,931	3%
Colombia oil (bopd)	**558**	168	232%	**512**	227	126%
Total (boepd)	**32,867**	33,598	(2%)	**32,908**	31,794	4%
Operating netbacks[1]						
Natural gas and LNG ($/Mcf)	**3.73**	3.49	7%	**3.66**	3.34	10%
Colombia oil ($/bbl)	**27.48**	30.93	(11%)	**23.98**	33.21	(28%)
Corporate ($/boe)	**21.31**	19.96	7%	**20.89**	19.13	9%

(1) Non-IFRS measures – see "Non-IFRS Measures" section within MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Canacol Energy Ltd. and its subsidiaries ("Canacol" or the "Corporation") are primarily engaged in natural gas exploration and development activities in Colombia. The Corporation's head office is located at 2000, 215 - 9th Avenue SW, Calgary, Alberta, T2P 1K3, Canada. The Corporation's shares are traded on the Toronto Stock Exchange (the "TSX") under the symbol CNE, the OTCQX in the United States of America under the symbol CNNEF, the Bolsa de Valores de Colombia under the symbol CNEC and the Bolsa Mexicana de Valores under the symbol CNEN.

Advisories

The following management's discussion and analysis ("MD&A") is dated November 9, 2022 and is the Corporation's explanation of its financial performance for the period covered by the financial statements along with an analysis of the Corporation's financial position. Comments relate to and should be read in conjunction with the unaudited interim condensed consolidated financial statements of the Corporation for the three and nine months ended September 30, 2022 ("the financial statements"), and the audited consolidated financial statements and MD&A for the year ended December 31, 2021. The financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and all amounts herein are expressed in United States dollars ("USD"), unless otherwise noted, and all tabular amounts are expressed in thousands of USD, except per share amounts or as otherwise noted. Additional information for the Corporation, including the Annual Information Form, may be found on SEDAR at www.sedar.com.

Forward-Looking Statements – *Certain information set forth in this document contains forward-looking statements. All statements other than historical facts contained herein are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, production rates, and plans and objectives of or involving the Corporation. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, governmental regulation, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal and external sources. In particular, with respect to forward-looking comments in this MD&A, readers are cautioned that there can be no assurance that the Corporation will complete its planned capital projects on schedule, or that natural gas and petroleum production will result from such capital projects, or that environmental licenses required to construct the pipeline from the Corporation's operations to Medellin will be obtained, or that additional natural gas sales contracts will be secured, or that hydrocarbon-based royalties assessed will remain consistent, or that royalties will continue to be applied on a sliding-scale basis as production increases on any one block. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.*

In addition to historical information, this MD&A contains forward-looking statements that are generally identifiable as any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events of performance (often, but not always, through the use of words or phrases such as "will likely result," "expected," "is anticipated," "believes," "estimated," "intends," "plans," "projection" and "outlook"). These statements are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in natural gas, LNG and oil prices; the results of exploration and development drilling and related activities; fluctuations in foreign currency exchange rates; the uncertainty of reserve estimates; changes in environmental and other regulations; and risks associated with natural gas and oil operations, many of which are beyond the control of the Corporation and are subject to a higher degree of uncertainty due to COVID-19. Accordingly, there is no representation by the Corporation that actual results achieved during the forecast period will be the same in whole or in part as those forecasted. Except to the extent required by law, the Corporation assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on the Corporation's behalf, are qualified in their entirety by these cautionary statements.

Readers are further cautioned not to place undue reliance on any forward-looking information or statements.

Non-IFRS Measures – *Two of the benchmarks the Corporation uses to evaluate its performance are adjusted funds from operations and adjusted EBITDAX, which are measures not defined in the IFRS. Adjusted funds from operations represents cash flow provide by operating activities before the settlement of decommissioning obligations, payment of a litigation settlement liability and changes in non-cash working capital. Adjusted EBITDAX is calculated on a rolling 12-*

month basis and is defined as net income (loss) and comprehensive income (loss) adjusted for interest, income taxes, depreciation, depletion, amortization, pre-license costs and other similar non-recurring or non-cash charges. The Corporation considers these measures as key measures to demonstrate its ability to generate the cash flow necessary to fund future growth through capital investment, pay dividends and repay its debt. These measures should not be considered as an alternative to, or more meaningful than, cash provided by operating activities or net income (loss) and comprehensive income (loss) as determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's determination of these measures may not be comparable to that reported by other companies.

The Corporation also presents adjusted funds from operations per share, whereby per share amounts are calculated using the weighted-average shares outstanding consistent with the calculation of net income (loss) and comprehensive income (loss) per share.

The following table reconciles the Corporation's cash provided by operating activities to adjusted funds from operations:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Cash flow provided by operating activities	**$ 61,994**	$ 57,046	**$ 135,395**	$ 94,933
Changes in non-cash working capital	**(23,279)**	(18,819)	**(23,778)**	2,096
Payment of litigation settlement liability(1)	**—**	—	**—**	13,073
Settlement of decommissioning obligations	**—**	—	**—**	54
Adjusted funds from operations	**$ 38,715**	$ 38,227	**$ 111,617**	$ 110,156

(1) The litigation settlement liability was related to a transportation expense dispute, and, as such, the regular payments and settlement were included in cash flows provided by operating activities during the nine months ended September 30, 2021.

The following table reconciles the Corporation's net income (loss) and comprehensive income (loss) to adjusted EBITDAX:

	2021	2022			
	Q4	Q1	Q2	Q3	Rolling
Net income (loss) and comprehensive income (loss)	$ 7,024	$ 24,415	$ (6,404)	$ (4,463)	$ 20,572
(+) Interest expense	8,069	8,513	8,475	8,438	33,495
(+) Income tax expense	5,949	1,203	27,156	25,970	60,278
(+) Depletion and depreciation	17,288	16,668	18,284	17,388	69,628
(+) Exploration expense	7,570	—	—	—	7,570
(+) Pre-license costs	726	450	535	446	2,157
(+) Unrealized foreign exchange loss (gain)	1,318	(2,548)	2,995	4,999	6,764
(+/-) Other non-cash expenses and non-recurring items	1,254	923	4,167	3,237	9,581
Adjusted EBITDAX	**$ 49,198**	**$ 49,624**	**$ 55,208**	**$ 56,015**	**$ 210,045**

In addition to the above, management uses the operating netback measure. Operating netback is a benchmark common in the oil and gas industry and is calculated as revenue, net of transportation expense, less royalties, less operating expenses, calculated on a per unit basis of sales volumes. Operating netback is an important measure in evaluating operational performance as it demonstrates profitability relative to current commodity prices.

Operating netback as presented does not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities.

The term "boe" is used in this MD&A. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet of natural gas to barrels of oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this MD&A, we have expressed boe using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Ministry of Mines and Energy of Colombia. Natural gas and LNG volumes per day are expressed in million standard cubic feet per day ("MMscfpd") throughout this MD&A.

Three Months Ended September 30, 2022 Financial and Operational Highlights

- Realized contractual natural gas and liquefied natural gas ("LNG") sales volumes decreased 3% to 184.2 MMscfpd for the three months ended September 30, 2022, compared to 190.6 MMscfpd for the same period in 2021. Average natural gas and LNG production volumes decreased 3% to 186.7 MMscfpd for the three months ended September 30, 2022, compared to 192.4 MMscfpd for the same period in 2021. The decrease is mainly due to a temporary lower demand for interruptible sales volumes in the month of August as further explained in the 'Average Daily Production and Realized Contractual Sales Volumes' section of this MD&A.
- Total natural gas and LNG revenues, net of royalties and transportation expenses for the three months ended September 30, 2022 increased 3% to $67.7 million, compared to $65.5 million for same period in 2021, mainly due to an increase the average sales prices, net of transportation expenses.
- Adjusted funds from operations increased 1% to $38.7 million for the three months ended September 30, 2022, compared to $38.2 million for the same period in 2021.
- Adjusted EBITDAX increased 4% to $56 million for the three months ended September 30, 2022, compared to $53.8 million for the same period in 2021.
- The Corporation realized a net loss of $4.5 million for the three months ended September 30, 2022, compared to a net income of $8.8 million for the same period in 2021. The non-cash deferred tax expense recognized of $11.1 million resulted in a net loss during the three months ended September 30, 2022, compared to $2.9 million for the same period in 2021. The increase of deferred tax expense was primarily due to the effect of the Colombian Peso ("COP") foreign exchange rate on the value of unused tax pools as further explained in the "Income Tax" section of this MD&A.
- The Corporation's natural gas and LNG operating netback increased 7% to $3.73 per Mcf in the three months ended September 30, 2022, compared to $3.49 per Mcf for the same period in 2021. The increase is mainly due to an increase in average sales prices, net of transportation expenses of $4.76 per Mcf during the three months ended September 30, 2022, compared to $4.43 per Mcf for the same period in 2021. The increase was offset by higher operating expenses per Mcf during the three months ended September 30, 2022.
- Net capital expenditures for the three months ended September 30, 2022 were $50.1 million. Net capital expenditures included non-cash adjustments mainly related to decommissioning obligations and right-of-use leased assets of $4.4 million.
- As at September 30, 2022, the Corporation had $92.5 million in cash and cash equivalents and $75.3 million in working capital surplus.

Results of Operations

For the three months ended September 30, 2022, the Corporation's production primarily consisted of natural gas from the Nelson, Palmer, Nispero, Cañahuate, San-Marcos and Cañaflecha fields in the Esperanza block, the Clarinete, Pandereta, Siku, Ocarina and Oboe fields in the VIM-5 block and the Toronja, Arandala, Breva, Cornamusa and Aguas Vivas fields in the VIM-21 block, located in the Lower Magdalena Basin in Colombia. The Corporation's production also included crude oil from its Rancho Hermoso property in Colombia ("Colombia oil"). The Corporation's LNG production was less than one percent of total natural gas and LNG production and therefore the results have been combined as "Natural gas and LNG".

During the three months ended September 30, 2022, the Corporation completed drilling of the Claxon-1 exploration well located on its VIM-5 block approximately two kilometers south of the Alboka-1 discovery which tested 33 MMscfpd from the Cienaga de Oro ("CDO") sandstone reservoir. The Claxon-1 well reached a total depth of 11,708 feet measured depth ("ft md"). The well encountered multiple gas filled sandstones between 7,725 and 8,950 feet true vertical depth ("ft TVD") within the primary CDO sandstone reservoir target. The Corporation also completed drilling the Clarinete-7 development well located on its VIM-5 block and reached a total depth of 7,479 ft md. The well encountered multiple gas filled sandstones between 5,800 and 6,050 ft TVD within the primary CDO sandstone reservoir target. The wells have been tied into permanent production.

During the three months ended September 30, 2022, the Corporation completed the drilling of the Cañaflecha-2 development well located on its Esperanza Block which reached a total depth of 7,394 ft md. The well encountered multiple gas filled sandstones between 4,250 and 6,400 ft TVD within the primary CDO sandstone reservoir target. The well was tied into permanent production and tested at a final rate of 6.5 MMscfpd.

In addition to its producing fields, the Corporation has interests in a number of exploration blocks in Colombia.

Average Daily Production and Realized Contractual Sales Volumes

Production and sales volumes in this MD&A are reported before royalties.

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Natural Gas and LNG (MMscfpd)						
Natural gas and LNG production	**186,695**	192,402	(3%)	**186,808**	181,712	3%
Field consumption	**(2,807)**	(1,849)	52%	**(2,476)**	(1,807)	37%
Natural gas and LNG sales (1)	**183,888**	190,553	(3%)	**184,332**	179,905	2%
Take-or-pay volumes (2)	**275**	—	n/a	**323**	26	>1000%
Realized contractual natural gas and LNG sales	**184,163**	190,553	(3%)	**184,655**	179,931	3%
Colombia Oil (bopd)						
Crude oil production	**544**	394	38%	**515**	305	69%
Inventory movements and other	**14**	(226)	(106%)	**(3)**	(78)	(96%)
Colombia oil sales	**558**	168	232%	**512**	227	126%
Corporate (boepd / bopd)						
Natural gas and LNG production(1)	**32,754**	33,755	(3%)	**32,773**	31,879	3%
Colombia oil production	**544**	394	38%	**515**	305	69%
Total production	**33,298**	34,149	(2%)	**33,288**	32,184	3%
Field consumption and inventory	**(479)**	(551)	(13%)	**(437)**	(395)	11%
Total corporate sales	**32,819**	33,598	(2%)	**32,851**	31,789	3%
Take-or-pay volumes (2)	**48**	—	n/a	**57**	5	>1000%
Total realized contractual sales	**32,867**	33,598	(2%)	**32,908**	31,794	4%

(1) Natural gas and LNG sales volumes excluded the natural gas sales related to a certain off-taker's long-term contract as described under "Natural Gas Trading" in the "Revenues, Net of Royalties and Transportation Expenses" section of this MD&A.

The Corporation has three types of natural gas and LNG sales:

1) *Natural Gas and LNG sales* - represents natural gas and LNG production less a typically small amount of gas volume that is consumed at the field level;
2) *Take-or-pay income* - represents the portion of natural gas and LNG sales nominations by the Corporation's off-takers that do not get delivered, due to the off-taker's inability to accept such natural gas and for which the off-takers have no recourse or legal right to delivery at a later date. As such, they are recorded as revenue in the period; and
3) *Undelivered natural gas and LNG nomination*s - represents the portion of undelivered natural gas and LNG sales nominations for which the off-takers have a legal right to take delivery at a later date, for a fixed period of time ("make-up rights"). These nominations are paid for at the time, alongside natural gas and LNG sales and take-or-pay income, and as such are included in deferred income for the period. The Corporation recognizes revenues associated with such make-up rights ("settlements") at the earlier of: a) when the make-up volume is delivered, b) the make-up right expires, or c) when it is determined that the likelihood that the off-taker will utilize the make-up right is remote.

The 3% decrease in the natural gas and LNG production volumes during the three months ended September 30, 2022, compared to the same period in 2021, is mainly due to a decrease in the demand of spot sales volumes. Natural gas demand was lower due to maintenance of electrical networks performed by thermoelectric generators on the Atlantic coast in the month of August 2022. In addition, the region experienced high reservoir levels due to intense rains temporarily reducing the demand for natural gas spot sales volumes. Realized contractual natural gas sales volumes recovered to normal levels in September at 191 MMscfpd.

The 3% increase in the natural gas and LNG production volumes during the nine months ended September 30, 2022, compared to the same period in 2021, is mainly due to an increase of natural gas sales volumes contracted under firm contracts in 2022, offset by lower spot volume sales due to higher rainfall resulting in less demand for natural gas.

Realized contractual natural gas and LNG sales for the three and nine months ended September 30, 2022 averaged approximately 184.2 and 184.7 MMscfpd, respectively. Realized contractual sales is defined as natural gas and LNG produced and sold plus income received from nominated take-or-pay contracts without the actual delivery of natural gas or LNG and the expiry of the customers' rights to take the deliveries plus natural gas purchases.

Revenues, Net of Royalties and Transportation Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Natural Gas and LNG						
Natural gas and LNG revenues	**$ 89,464**	$ 86,718	3%	**$ 263,731**	$238,577	11%
Transportation expenses	**(8,983)**	(9,101)	(1%)	**(26,332)**	(27,676)	(5%)
Revenues, net of transportation expenses	**80,481**	77,617	4%	**237,399**	210,901	13%
Royalties	**(12,769)**	(12,095)	6%	**(37,531)**	(34,511)	9%
Revenues, net of royalties and transportation expenses	**$ 67,712**	$ 65,522	3%	**$ 199,868**	$176,390	13%
Colombia Oil						
Crude oil revenues	**$ 2,479**	$ 852	191%	**$ 6,506**	$ 3,144	107%
Transportation expenses	**(44)**	(22)	(100%)	**(142)**	(35)	306%
Revenues, net of transportation expenses	**2,435**	830	193%	**6,364**	3,109	105%
Royalties	**(157)**	(64)	145%	**(400)**	(239)	67%
Revenues, net of royalties and transportation expenses	**$ 2,278**	$ 766	197%	**$ 5,964**	$ 2,870	108%
Corporate						
Natural gas and LNG revenues	**$ 89,464**	$ 86,718	3%	**$ 263,731**	$238,577	11%
Crude oil revenues	**2,479**	852	191%	**6,506**	3,144	107%
Total revenues	**91,943**	87,570	5%	**270,237**	241,721	12%
Royalties	**(12,926)**	(12,159)	6%	**(37,931)**	(34,750)	9%
Natural gas, LNG and crude oil production revenues, net of royalties	**79,017**	75,411	5%	**232,306**	206,971	12%
Take-or-pay natural gas income (2)	**143**	—	n/a	**440**	24	>1000%
Natural gas, LNG and crude oil revenues, net of royalties, as reported	**79,160**	75,411	5%	**232,746**	206,995	12%
Natural gas trading revenues	**7,971**	6,514	22%	**23,521**	19,305	22%
Total natural gas, LNG and crude oil revenues, after royalties	**87,131**	81,925	6%	**256,267**	226,300	13%
Transportation expenses	**(9,027)**	(9,123)	(1%)	**(26,474)**	(27,711)	(4%)
Total revenues, net of royalties and transportation expenses	**$ 78,104**	$ 72,802	7%	**$ 229,793**	$198,589	16%

Natural Gas and LNG Realized Contractual Sales

During the three and nine months ended September 30, 2022, the Corporation realized $0.1 million and $0.4 million, respectively, of take-or-pay income (as described in (2) on page 5 of this MD&A), which is equivalent to 0.3 MMscfpd, of natural gas and LNG sales, without actual delivery of the natural gas or LNG.

As at September 30, 2022, the Corporation had deferred income of $9.9 million which relates to undelivered natural gas and LNG sales nominations for which the off-takers have a legal right to take delivery at a later maturity date, at which point they will be recognized as revenue.

Natural Gas Trading

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Natural gas trading revenue	**$ 7,971**	$ 6,514	22%	**$ 23,521**	$ 19,305	22%
Natural gas trading purchase cost	**(7,549)**	(6,466)	17%	**(22,364)**	(19,197)	16%
Natural gas trading profit	**$ 422**	$ 48	779%	**$ 1,157**	$ 108	971%

The Corporation recognized $8 million and $23.5 million (2021 - $6.5 million and $19.3 million) of natural gas trading revenue and incurred gas purchase costs of $7.5 million and $22.4 million (2021 - $6.5 million and $19.2 million) during the three and nine months ended September 30, 2022, respectively, related to the delivery of a certain off-taker's long-term contract.

The Corporation's gas purchases are isolated to this particular long-term contract and it does not intend to engage in speculative gas trading activities.

Natural Gas Transportation Expenses

The Corporation either sells its natural gas at its Jobo gas plant gate (whereby the off-taker incurs the transportation expenses, and as such Canacol does not recognize a transportation expense), or delivers its natural gas to the off-takers' locations (whereby Canacol pays and recognizes the transportation expenses directly). In the latter case, the Corporation's transportation expenses on such contracts are compensated by higher gross sales prices, resulting in average realized sales prices (net of transportation) being consistent with the Corporation's realized price in which the off-taker incurs the transportation expense. The blend of these two types of delivery options varies from contract to contract and quarter to quarter, hence the Corporation refers to an average net realized sales price, which in either case, is net of any transportation costs, regardless of which party incurs the transportation expense.

Natural gas transportation expenses decreased 1% and 5% during the three and nine months ended September 30, 2022, compared to the same periods in 2021, respectively, primarily due to the decrease in natural gas sales volume subject to transportation expenses, as described above, compared to the same periods in 2021.

Natural Gas Royalties

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Natural Gas						
Esperanza royalties	**$ 1,220**	$ 2,058	(41%)	**$ 3,408**	$ 5,551	(39%)
VIM-5 royalties	**9,181**	8,913	3%	**26,981**	27,152	(1%)
VIM-21 royalties	**2,368**	1,124	111%	**7,142**	1,808	295%
Royalty expense	**$ 12,769**	$ 12,095	6%	**$ 37,531**	$ 34,511	9%
Natural Gas Royalty Rates						
Esperanza	**8.4%**	8.0%	5%	**8.5%**	7.8%	9%
VIM-5	**22.0%**	22.8%	(4%)	**22.2%**	22.9 %	(3%)
VIM-21	**10.1%**	9.5%	6%	**9.8%**	9.6%	2%
Natural gas royalty rate	**15.9%**	15.6%	2%	**15.8%**	16.4%	(4%)

The Corporation's natural gas royalties are generally at a rate of 6.4%, until net field production reaches 5,000 boepd, at which point the royalty rates increase on a sliding scale up to a 20% maximum rate at 600,000 boepd field production. The Corporation's Esperanza and VIM-5 natural gas production is subject to an additional overriding royalty of 2% - 4%. The Corporation's VIM-5 and VIM-21 natural gas production is subject to additional x-factor royalty rates of 13% and 3%, respectively.

The natural gas royalty rate increased marginally to 15.9% during the three months ended September 30, 2022, compared to 15.6% for the same period in 2021, mainly due to higher production at the VIM-21 block, which is subject to a higher royalty rate. The natural gas royalty rate decreased slightly to 15.8% during the nine months ended September 30, 2022, compared to 16.4% for the same period in 2021, mainly due to lower production at the VIM-5 block, which is subject to a higher royalty rate. In addition, the VIM-5 royalty rate was slightly lower, as compared to 2021, as a result of less production at certain fields exceeding the 5,000 boepd threshold, at which point, is subject to a higher royalty rate, as described above.

Average Benchmark and Realized Sales Prices, Net of Transportation

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Average Benchmark Prices						
Henry Hub ($/Mcf)	**$ 7.91**	$ 4.32	83%	**$ 6.65**	$ 3.34	99%
Alberta Energy Company ("AECO") ($/Mcf)	**$ 3.83**	$ 2.97	29%	**$ 4.31**	$ 2.59	66%
Brent ($/bbl)	**$ 97.81**	$ 73.23	34%	**$ 102.33**	$ 67.77	51%
Average Sales Prices, Net of Transportation						
Natural gas and LNG ($/Mcf)	**$ 4.76**	$ 4.43	7%	**$ 4.72**	$ 4.29	10%
Colombia oil ($/bbl)	**$ 47.43**	$ 53.70	(12%)	**$ 45.53**	$ 50.17	(9%)
Corporate average ($/boe)	**$ 27.46**	$ 25.38	8%	**$ 27.18**	$ 24.66	10%

The sales prices of the Corporation's natural gas sales contracts are largely fixed, with a portion of its portfolio sold on the spot market. The Corporation's transportation expenses associated with the spot sales are compensated by higher gross sales prices, resulting in realized sales prices, net of transportation that are consistent with the Corporation's fixed-priced contracts.

The 7% and 10% increase in average natural gas and LNG sales prices, net of transportation from $4.43 per Mcf and $4.29 per Mcf to $4.76 per Mcf and $4.72 per Mcf during the three and nine months ended September 30, 2022, compared to the same periods in 2021, respectively, is mainly due to higher priced fixed contracts and spot market sales. The increase in higher spot market sales prices was a result of tighter supply during the three and nine months ended September 30, 2022.

The decrease in average crude oil sales prices during the three and nine months ended September 30, 2022, compared to the same periods in 2021, is mainly due to increased Colombia oil production from two previously suspended wells being put onto production during Q1 2022. These wells are subject to a lower fixed tariff price, in accordance with the joint operating agreement.

Operating Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Natural gas and LNG	**$ 4,777**	$ 4,311	11%	**$ 15,838**	$ 12,468	27%
Colombia oil	**867**	288	201%	**2,612**	812	222%
Total operating expenses	**$ 5,644**	$ 4,599	23%	**$ 18,450**	$ 13,280	39%
Natural gas and LNG ($/Mcf)	**$ 0.28**	$ 0.25	12%	**$ 0.31**	$ 0.25	24%
Colombia oil ($/bbl)	**$ 16.89**	$ 18.63	(9%)	**$ 18.69**	$ 13.10	43%
Corporate ($/boe)	**$ 1.87**	$ 1.49	26%	**$ 2.06**	$ 1.53	35%

Natural gas and LNG operating expenses per Mcf increased 12% and 24% to $0.28 per Mcf and $0.31 per Mcf for the three and nine months ended September 30, 2022, compared to $0.25 per Mcf for the same periods in 2021, respectively. The increase is mainly due to higher maintenance and insurance costs during the three and nine months ended September 30, 2022. In addition, lower production during the three months ended September 30, 2022 resulted in a higher cost per Mcf in the period.

Colombia oil operating expenses increased 201% and 222% for the three and nine months ended September 30, 2022, compared to the same periods in 2021, mainly due to a lower partner recovery of operating expenses due to benchmark prices exceeding $70 per bbl, in accordance with the joint operating agreement.

Colombia oil operating expense per bbl decreased 9% during the three months ended September 30, 2022, compared to the same period in 2021 mainly due to higher oil production volumes. Colombia oil per bbl increased

43% during the nine months ended September 30, 2022, compared to the same period in 2021, mainly due to the increase in gross operating expenses, as described above, offset by an increase in oil production volumes.

Operating Netbacks

	Three months ended September 30,			Nine months ended September 30,		
$/Mcf	**2022**	2021	Change	**2022**	2021	Change
Natural Gas and LNG						
Revenue, net of transportation expense	**$ 4.76**	$ 4.43	7%	**$ 4.72**	$ 4.29	10%
Royalties	**(0.75)**	(0.69)	9%	**(0.75)**	(0.70)	7%
Operating expenses	**(0.28)**	(0.25)	12%	**(0.31)**	(0.25)	24%
Operating netback	**$ 3.73**	$ 3.49	7%	**$ 3.66**	$ 3.34	10%

	Three months ended September 30,			Nine months ended September 30,		
$/bbl	**2022**	2021	Change	**2022**	2021	Change
Colombia oil						
Revenue, net of transportation expense(1)	**$ 47.43**	$ 53.70	(12%)	**$ 45.53**	$ 50.17	(9%)
Royalties	**(3.06)**	(4.14)	(26%)	**(2.86)**	(3.86)	(26%)
Operating expenses(2)	**(16.89)**	(18.63)	(9%)	**(18.69)**	(13.10)	43%
Operating netback	**$ 27.48**	$ 30.93	(11%)	**$ 23.98**	$ 33.21	(28%)

(1) Refer to the “Average Benchmark and Realized Sales Prices, Net of Transportation” of this MD&A for more information.
(2) Refer to the “Operating Expenses” section of this MD&A for more information.

	Three months ended September 30,			Nine months ended September 30,		
$/boe	**2022**	2021	Change	**2022**	2021	Change
Corporate						
Revenue, net of transportation expense	**$ 27.46**	$ 25.38	8%	**$ 27.18**	$ 24.66	10%
Royalties	**(4.28)**	(3.93)	9%	**(4.23)**	(4.00)	6%
Operating expenses	**(1.87)**	(1.49)	26%	**(2.06)**	(1.53)	35%
Operating netback	**$ 21.31**	$ 19.96	7%	**$ 20.89**	$ 19.13	9%

General and Administrative Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	**2022**	2021	Change
Gross costs	**$ 9,138**	$ 7,715	18%	**$ 26,361**	$ 24,335	8%
Less: capitalized amounts	**(1,897)**	(1,400)	36%	**(5,933)**	(4,223)	40%
General and administrative expenses	**$ 7,241**	$ 6,315	15%	**$ 20,428**	$ 20,112	2%
$/boe	**$ 2.40**	$ 2.04	18%	**$ 2.28**	$ 2.32	(2%)

General and administrative (“G&A”) gross costs increased 18% and 8% during the three and nine months ended September 30, 2022, compared to the same periods in 2021, respectively, mainly due to higher personnel costs, including severance costs of $1.3 million and inflation.

G&A per boe increased 18% during the three months ended September 30, 2022, compared to the same period in 2021, mainly due to higher personnel costs, including severance costs and inflation during the period. G&A per boe decreased 2% during the nine months ended September 30, 2022, compared to the same period in 2021, mainly due to higher natural gas and LNG sales volumes during the period, in addition to higher capitalized amounts related to certain projects. Annual gross costs are expected to remain relatively flat as the Corporation’s production base grows, which will result in the G&A per boe to decrease going forward.

Net Finance Expense

	Three months ended September 30, 2022	2021	Change	Nine months ended September 30, 2022	2021	Change
Net financing expense paid	**$ 8,017**	$ 7,279	10%	**$ 24,535**	$ 22,679	8%
Non-cash net financing expenses	**2,347**	1,060	121%	**6,420**	2,967	116%
Net finance expense	**$ 10,364**	$ 8,339	24%	**$ 30,955**	$ 25,646	21%

Net finance expense increased 24% and 21% during the three and nine months ended September 30, 2022, compared to the same periods in 2021, respectively, mainly due to the amortization of upfront transaction costs and interest expense related to the refinancing of the Senior Notes. The Senior Notes principal amount increased from $320 million to $500 million and is subject to a lower interest rate of 5.75% compared to the previous rate of 7.25%. The Credit Suisse bank debt and the litigation settlement obligation (subject to higher interest rates of approximately 4.6% (LIBOR + 4.25%) and 8.74%, respectively), were settled in 2021 and as such, offset the higher interest expense during the same periods in 2022.

Stock-Based Compensation Expense

	Three months ended September 30, 2022	2021	Change	Nine months ended September 30, 2022	2021	Change
Equity-settled unit expense	**$ 47**	$ 143	(67%)	**$ 170**	$ 513	(67%)
Cash-settled unit expense	**411**	1,073	(62%)	**2,966**	3,129	(5%)
Stock-based compensation	**$ 458**	$ 1,216	(62%)	**$ 3,136**	$ 3,642	(14%)

Equity-settled expense is a non-cash expense recognized on a graded vesting basis based on the fair value of stock options granted over the grant term. The fair value of the stock options granted were estimated using the Black-Scholes pricing model. Equity-settled unit expense decreased during the three and nine months ended September 30, 2022, compared to the same periods in 2021, as a result of less stock options being amortized due to the expiry of certain units.

Cash-settled unit expense is a non-cash amortization of restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"), which are expected to be settled in cash, amortized over their respective vesting terms and revalued each period based on the Corporation's share price. Cash-settled unit expense decreased during the three and nine months ended September 30, 2022 due to the devaluation of the Corporation's share price as at September 30, 2022.

Depletion and Depreciation Expense

	Three months ended September 30, 2022	2021	Change	Nine months ended September 30, 2022	2021	Change
Depletion and depreciation expense	**$ 17,388**	$ 17,626	(1%)	**$ 52,340**	$ 50,459	4%
$/boe	**$ 5.76**	$ 5.70	1%	**$ 5.84**	$ 5.81	—

Depletion and depreciation expense decreased 1% during the three months ended September 30, 2022, compared to the same period in 2021, mainly due to lower production. Depletion and depreciation expense increased 4% during the nine months ended September 30, 2022, compared to the same period in 2021, mainly due to higher production.

Income Tax Expense

	Three months ended September 30, 2022	2021	Nine months ended September 30, 2022	2021
Current income tax expense	**$ 14,835**	$ 13,184	**$ 43,391**	$ 25,367
Deferred income tax expense	**11,135**	2,850	**10,938**	12,573
Income tax expense	**$ 25,970**	$ 16,034	**$ 54,329**	$ 37,940

The Corporation's pre-tax income was subject to the Colombian statutory income tax rate of 35% for the three and nine months ended September 30, 2022.

During the three and nine months ended September 30, 2022, the current income tax expense increased, compared to the same periods in 2021, mainly due to: i) the increase in annual tax rate from 31% in 2021 to 35% in 2022 and ii) certain tax write-offs, including exploration expense, deducted from taxable income in 2021.

The Corporation's tax pools are denominated in COP, which are re-valued at each reporting date using the period end COP to USD foreign exchange rate. The non-cash deferred income tax expense recognized during the three and nine months ended September 30, 2022 of $11.1 million and $10.9 million and was mainly due to the impact of the devaluation (10% and 14% for the three and nine months ended September 30, 2022, respectively).

Income Tax Cash Payments

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	**2022**	2021
Income taxes paid	**$ 6,544**	$ 5,899	**$ 27,964**	$ 31,936

During the nine months ended September 30, 2022 , the Corporation paid income tax installments of $4.8 million (2021 - $11.4 million). In addition, the Corporation also prepaid advances related to its 2022 income tax expense of $6.5 million and $23.1 million (2021- $5.9 million and $20.5 million) during the three and nine months ended September 30, 2022, respectively.

Capital Expenditures

	Three months ended September 30,		Nine months ended September 30,	
	2022	**2021**	**2022**	2021
Drilling and completions	**$ 21,136**	$ 12,011	**$ 45,171**	$ 41,206
Facilities, workovers and infrastructure	**11,288**	6,718	**32,007**	18,602
Land, seismic, communities and other	**11,431**	3,949	**32,805**	13,174
Capitalized G&A	**1,897**	1,400	**5,933**	4,223
Net proceeds on disposition of property, plant and equipment	**(10)**	(27)	**(10)**	(297)
Net cash capital expenditures	**45,742**	24,051	**115,906**	76,908
Non-cash costs and adjustments:				
Right-of-Use leased assets	**—**	32	**1,929**	506
Disposition	**8**	(79)	**(3,473)**	85
Non-cash costs and adjustments(1)	**4,380**	173	**8,884**	885
Net capital expenditures	**$ 50,130**	$ 24,177	**$ 123,246**	$ 78,384
Net capital expenditures recorded as:				
Expenditures on exploration and evaluation assets	**$ 16,561**	$ 7,462	**$ 48,333**	$ 32,677
Expenditures on property, plant and equipment	**33,571**	16,821	**78,396**	45,919
Disposition	**(2)**	(106)	**(3,483)**	(212)
Net capital expenditures	**$ 50,130**	$ 24,177	**$ 123,246**	$ 78,384

(1) Non-cash costs and adjustments mainly related to a change in estimate related to decommissioning obligations

Net capital expenditures during the three months ended September 30, 2022 are primarily related to:

- Cañaflecha-2 development well drilling costs;
- Claxon-1 exploration well drilling costs;
- Clarinete-7 development well drilling costs;
- 3D seismic costs at the VIM-5 block;
- Medellin pipeline engineering design costs;
- Facility related costs at the VIM-5 and Esperanza blocks; and

- Land and other costs at the VIM-5, VMM-47, VIM-21 and VMM-45 blocks.

Liquidity and Capital Resources

Foreign Currency Risk

As at September 30, 2022, the COP to the USD exchange rate was 4,532:1 (December 31, 2021 – 3,981:1) and the CAD to USD exchange rate was 1.37:1 (December 31, 2021 – 1.27:1).

During the three and nine months ended September 30, 2022, the Corporation held no foreign exchange contracts.

Capital Management

The Corporation's policy is to maintain a strong capital base in order to provide flexibility in the future development of the business and maintain investor, creditor and market confidence. The Corporation manages its capital structure and makes adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets. The Corporation considers its capital structure to include share capital, long-term debt, lease obligations and working capital, defined as current assets less current liabilities excluding current portion of long-term obligations. In order to maintain or adjust the capital structure, from time to time the Corporation may issue or repurchase common shares or other securities, sell assets or adjust its capital spending to manage current and projected debt levels.

The Corporation monitors leverage and adjusts its capital structure based on its net debt level. Net debt is defined as the principal amount of its outstanding long-term obligations less working capital, as defined above. In order to facilitate the management of its net debt, the Corporation prepares annual budgets, which are updated as necessary depending on varying factors including current and forecast commodity prices, changes in capital structure, execution of the Corporation's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updates are prepared and reviewed as required.

The Corporation's Senior Notes and Bridge Loan include various non-financial covenants relating to indebtedness, operations, investments, assets sales, capital expenditures and other standard operating business covenants. The Corporation's bank debt is also subject to various financial covenants, including a maximum consolidated total debt, less cash and cash equivalents, to twelve months trailing adjusted EBITDAX ratio ("Consolidated Leverage Ratio") of 3.25:1.00 and a minimum twelve months trailing adjusted EBITDAX to interest expense, excluding non-cash expenses, ratio ("Consolidated Interest Coverage Ratio") of 2.50:1.00.

As at September 30, 2022, the Corporation was in compliance with the covenants.

	September 30, 2022	December 31, 2021
Senior Notes - principal (5.75%)	**$ 500,000**	$ 500,000
Bridge Loan - principal (LIBOR + 4.25%)	**25,000**	25,000
Operating Loan - principal (IBR + 1.5%)	**—**	2,513
Colombia Bank Debt - principal (IBR + 2.5%)	**10,635**	12,107
Lease obligation	**16,406**	18,089
Total debt	**552,041**	557,709
Less: working capital surplus	**(75,325)**	(148,124)
Net debt	**$ 476,716**	$ 409,585

The Consolidated Leverage Ratio is calculated as follows:

	September 30, 2022		December 31, 2021	
Total debt	**$**	**552,041**	$	557,709
Less: cash and cash equivalents		**(92,493)**		(138,523)
Net debt for covenant purposes	**$**	**459,548**	$	419,186
Adjusted EBITDAX	**$**	**210,045**	$	194,388
Consolidated Leverage Ratio		**2.19**		2.16

The Consolidated Interest Coverage Ratio is calculated as follows:

	September 30, 2022		December 31, 2021	
Adjusted EBITDAX	**$**	**210,045**	$	194,388
Interest expense, excluding non-cash expenses	**$**	**33,495**	$	31,488
Consolidated Interest Coverage Ratio		**6.27**		6.17

As at November 9, 2022, the Corporation had 170.6 million common shares, 6.6 million stock options, 1.5 million RSUs, 1 million PSUs and 0.1 million DSUs outstanding.

Contractual Obligations

The following table provides a summary of the Corporation's cash requirements to meet its financial liabilities and contractual obligations existing at September 30, 2022:

	Less than 1 year		1-3 years		Thereafter		Total	
Long-term debt – principal	$	25,000	$	10,635	$	500,000	$	535,635
Lease obligations – undiscounted		3,672		6,285		7,244		17,201
Trade and other payables		69,183		—		—		69,183
Dividend payable		6,479		—		—		6,479
Taxes payable		15,761		—		—		15,761
Other long term obligations		—		4,276		—		4,276
Long-term incentive compensation liability		1,449		407		—		1,856
Exploration and production contracts		5,404		36,405		16,379		58,188
Compression station operating contracts		2,700		5,564		6,527		14,791
	$	**129,648**	**$**	**63,572**	**$**	**530,150**	**$**	**723,370**

Letters of Credit

At September 30, 2022, the Corporation had letters of credit outstanding totaling $90.1 million to guarantee work commitments on exploration blocks in Colombia and to guarantee other contractual commitments, of which, $4.1 million financial guarantees relate to certain petroleum assets previously sold, which are scheduled to be transferred no later than December 31, 2022.

Exploration and Production Contracts

The Corporation has entered into a number of exploration contracts in Colombia which require the Corporation to fulfill work program commitments and issue financial guarantees related thereto. In aggregate, the Corporation has outstanding exploration commitments at September 30, 2022 of $58.2 million and has issued $40.9 million in financial guarantees related thereto.

Related Party Transactions

The Corporation holds 41.7 million shares and 18.4 million warrants of Arrow Exploration Ltd. ("Arrow") valued at $4.2 million and $2.6 million, respectively, as at September 30, 2022 and a receivable balance of $3.7 million. Half of the remaining balance of $3.7 million will be paid no later than December 31, 2022 and the other half will be paid no later than June 30, 2023. Two members of key management of Canacol are also members of the board of directors of Arrow.

Sustainability

As indicated in the Corporation's 2021 Environmental, Social and Governance ("ESG") Integrated Report released on June 28, 2022, Canacol currently leads the industry as one of the cleanest oil and gas producers in both Colombia and North America with Scope 1 and 2 greenhouse gas ("GHG") emissions that are 80% lower than our oil focused peers and 50% lower than our gas focused peers, on average. Canacol's ambition is to continue to lead the oil and gas industry in Colombia in terms of supplying the increasing energy demands of Colombians while reducing carbon emissions, exploring avenues for renewable energy generation, fostering national energy self-sufficiency, and catalyzing the growth and development of Colombia's economy and its people. Canacol enthusiastically supports global goals to meet the Paris Agreement targets as well as Colombia's commitment to a 51% reduction in emissions by 2030, of which natural gas will play a crucial role in a fair and equitable energy transition. The Corporation's objective on ESG matters is to improve the quality of life of millions of people through the exploration, production and supply of conventional natural gas in Colombia. Alongside this, the Corporation is focused on generating value for its stakeholders in a sustainable, collaborative, co-responsible, respectful and transparent way. With the Corporation's transition to natural gas, it now has an environmentally friendly value proposition that contributes to the reduction of CO_2 emissions in Colombia and provides for a more efficient use of resources.

The Corporation continues to support its communities in essential social projects such as access to water and utilities, local economic projects, construction and improvement of public and community infrastructure, technical and university scholarships amongst others.

The Corporation has strong corporate governance standards and procedures, which are aligned with best global practices and trends, and uses control mechanisms that protect shareholder's interests, respect and promote human rights, guarantee ethical behavior, integrity and transparency, ensure regulatory compliance and minimize risk.

For 2022 and beyond, the Corporation is committed to continue developing and maintaining a robust ESG strategy and, as such, is implementing a six-year plan with the following four priorities:

1. A cleaner energy future - deliver natural gas under the highest environmental and operational efficiency standards.
2. A safe and committed team - maintain best-in-class health and safety practices and promote a diverse and inclusive culture.
3. Transparent and ethical business - adopt best practices, incorporate governance, encourage respect for human rights and ensure ethics and integrity in everything Canacol does.
4. Sustainable development - promote and maintain close and transparent relationships that guarantee communities' growth and quality of life.

OUTLOOK

As of the date of this MD&A, the Corporation has met the following objectives: 1) the drilling of nine of the total twelve exploration and development wells with the last three wells to be drilled in Q4 2022; 2) the acquisition of 470 square kilometers of 3D seismic on the Corporation's VIM-5 block to expand its exploration prospect inventory; 3) the purchase of rental facilities equipment and the installation of gas compression to lower operating expenses and increase recovery factors, respectively; 4) the selection of Shanghai Engineering and Technology Corp. ("SETCO") to construct a pipeline from Jobo to Medellin, Colombia which will add 100 MMscfpd (with expansion potential up to 200 MMscfpd) of new gas sales to the interior in late 2024, resulting in Canacol being responsible for 30% (up to 40%) of Colombia's domestic gas supply. The Corporation also continues to focus on the return of capital to shareholders in the form of dividends and common share buybacks and its ESG strategy to achieve scope 1 and 2 GHG emissions intensities that are at least 50% lower on average than its gas focused peers (and 80% lower on average than oil focused peers) in North and South America. The Corporation will continue to execute on these objectives for the remainder of 2022 and into 2023.

SUMMARY OF QUARTERLY RESULTS

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

	2022			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial								
Total natural gas, LNG and crude oil revenues, net of royalties and transportation expense	**78,104**	78,022	73,667	77,073	72,802	59,969	65,818	63,976
Adjusted funds from operations(1)	**38,715**	39,086	33,816	43,691	38,227	33,643	38,085	35,251
Per share – basic ($)(1)	**0.23**	0.23	0.20	0.25	0.22	0.19	0.21	0.20
Per share – diluted ($)(1)	**0.23**	0.23	0.20	0.25	0.22	0.19	0.21	0.20
Cash flow provided (used) by operating activities	**61,994**	35,338	38,063	28,881	57,046	(13)	37,900	26,477
Net (loss) income and comprehensive (loss) income	**(4,463)**	(6,404)	24,415	7,024	8,790	2,424	(3,062)	921
Per share – basic ($)	**(0.03)**	(0.04)	0.14	0.04	0.05	0.01	(0.02)	0.01
Per share – diluted ($)	**(0.03)**	(0.04)	0.14	0.04	0.05	0.01	(0.02)	0.01
Adjusted EBITDAX(1)	**56,015**	55,208	49,624	49,198	53,836	44,638	46,716	45,941
Weighted average shares outstanding – basic	**170,785**	170,589	172,451	176,558	177,245	179,289	179,515	179,764
Weighted average shares outstanding – diluted	**170,785**	170,589	172,451	176,558	177,245	179,289	179,515	179,764
Capital expenditures, net of dispositions(1)	**50,130**	46,475	26,643	21,556	24,177	26,363	27,844	29,366
Operations								
Natural gas, LNG and crude oil production(1)								
Natural gas and LNG (MMscfpd)	**186,695**	190,559	183,130	186,145	192,402	173,117	179,474	170,087
Colombia oil (bopd)	**544**	571	428	244	394	262	256	287
Total (boepd)	**33,298**	34,002	32,556	32,901	34,149	30,633	31,743	30,127
Realized contractual sales, before royalties(1)								
Natural gas and LNG (MMscfpd)	**184,163**	187,963	181,813	185,896	190,553	171,463	177,633	169,763
Colombia oil (bopd)	**558**	565	412	490	168	209	307	300
Total (boepd)	**32,867**	33,541	32,309	33,103	33,598	30,290	31,471	30,083
Operating netbacks(1)								
Natural gas and LNG ($/Mcf)	**3.73**	3.66	3.58	3.59	3.49	3.14	3.36	3.58
Colombia oil ($/bbl)	**27.48**	27.49	14.23	21.93	30.93	33.54	34.06	23.04
Corporate ($/boe)	**21.31**	21.02	20.33	20.51	19.96	17.98	19.33	20.44

(1) Non-IFRS measure – see “Non-IFRS Measures” section above.

RISKS AND UNCERTAINTIES

There have been no significant changes in the three months ended September 30, 2022 to the risks and uncertainties as identified in the MD&A for the year ended December 31, 2021.

A more comprehensive discussion of risks and uncertainties is contained in the Corporation's Annual Information Form for the year ended December 31, 2021 as filed on SEDAR and hereby incorporated by reference.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Corporation's management made judgements, assumptions and estimates in the preparation of the financial statements. Actual results may differ from those estimates, and those differences may be material. The basis of presentation and the Corporation's significant accounting policies can be found in the notes to the financial statements.

CHANGES IN ACCOUNTING POLICIES

The Corporation has not implemented new accounting policies during the three months ended September 30, 2022. Detailed discussions of new accounting policies and impact are provided in the financial statements.

REGULATORY POLICIES

Disclosure Controls and Procedures

Disclosure Controls and Procedures ("DC&P") are designed to provide reasonable assurance that all material information is gathered and reported on a timely basis to senior management so that appropriate decisions can be made regarding public disclosure and that information required to be disclosed by the issuer under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), along with other members of management, have designed, or caused to be designed under the CEO and CFO's supervision, DC&P and established processes to ensure that they are provided with sufficient knowledge to support the representations made in the interim certificates required to be filed under National Instrument 52-109.

Internal Controls over Financial Reporting

The CEO and CFO, along with participation from other members of management, are responsible for establishing and maintaining adequate Internal Control over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements prepared in accordance with IFRS.

During the three months ended September 30, 2022, there has been no change in the Corporation's ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

Limitations of Controls and Procedures

The Corporation's management, including its CEO and CFO, believe that any DC&P or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgements in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.