EPM Contract and Medellin Pipeline Project

August 2021

Advisories

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Financial Information

Non-IFRS measures

Canacol uses various measures to evaluate its performance that do not have a standardized meaning prescribed under International Financial Reporting Standards ("IFRS").

- Adjusted Funds from operations represents cash flow (used) provided by operating activities before the settlement of decommissioning obligations, payment of a litigation settlement liability and changes in non-cash working capital.
- 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, exploration expenses and other similar non-recurring or non-cash charges.

Canacol considers these measures as key measures to demonstrate its ability to generate the cash flow necessary to fund future growth through capital investment, pay dividend and to 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 funds from operations per share, whereby per share amounts are calculated using weighted average shares outstanding consistent with the calculation of net income (loss) and comprehensive income (loss) per share.

In addition to the above, management uses working capital ad operating netback measures.

- Working capital is calculated as current assets less current liabilities, excluding current portion of long-term obligations, and is used to evaluate the Corporation’s financial leverage.
- 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.

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

USD

All dollar amounts are shown in US dollars, unless indicated otherwise.

Advisories

Oil and Gas Information

Barrels of oil equivalent ("boe") and thousands of cubic feet equivalent ("MCFe")

Boe and MCFe may be misleading, particularly if used in isolation. A boe or MCFe conversion ratio of cubic feet of natural gas to barrels of oil equivalent and from barrels of oil to cubic feet 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 presentation, consistent with our MD&A disclosures, 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.

Oil and Gas Volumes

Unless otherwise noted, volumes of gas (or oil) sold, produced, or assessed as reserves or resources refer to working interest volumes before the deduction of royalties.

Diversifying and Growing Canacol's Gas Market

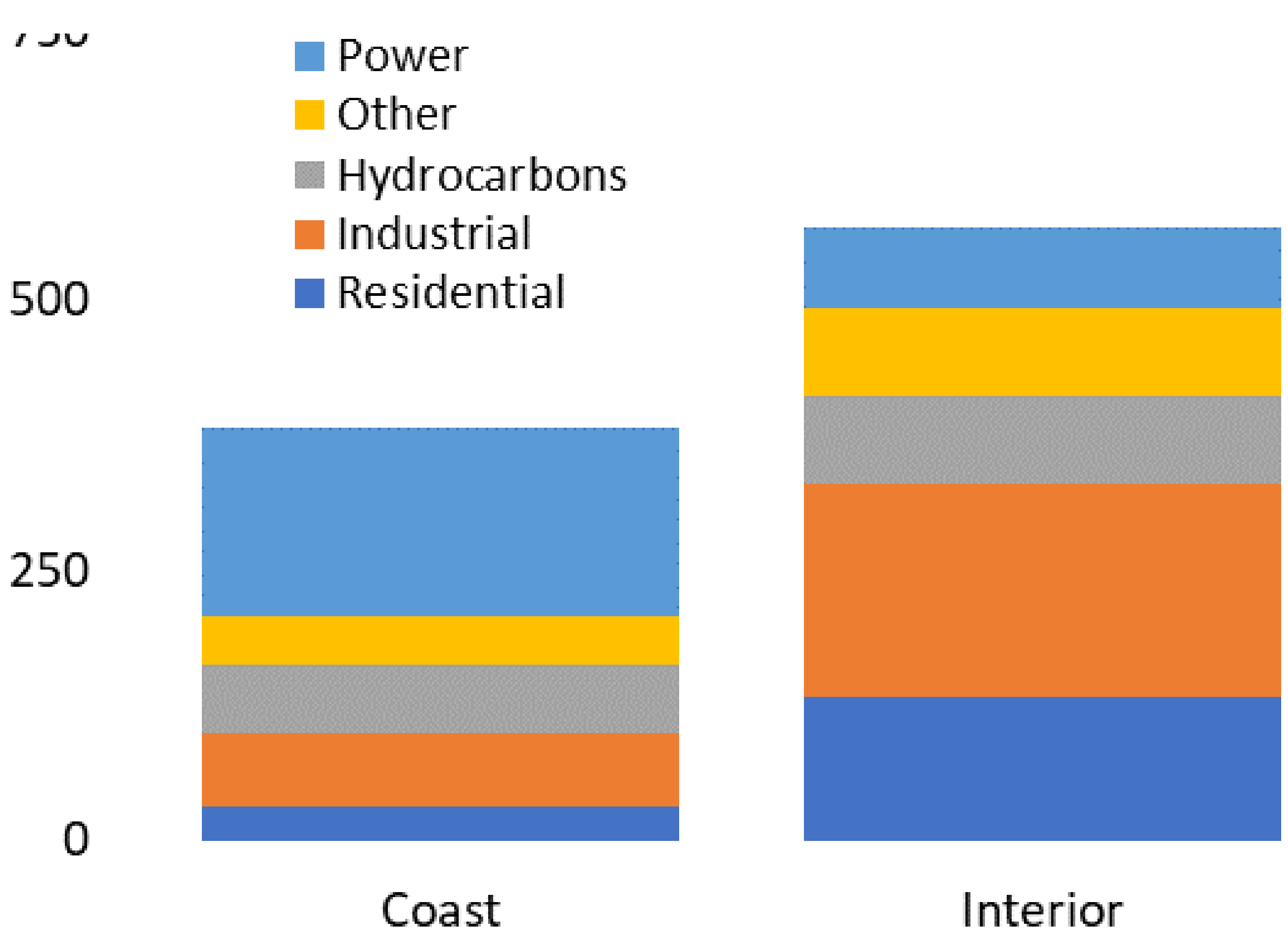
Coastal Market

- Canacol has grown to supply >50% of the coastal gas market, supporting increasing demand at a time of declining supply from Ecopetrol's mature gas fields in the Guajira

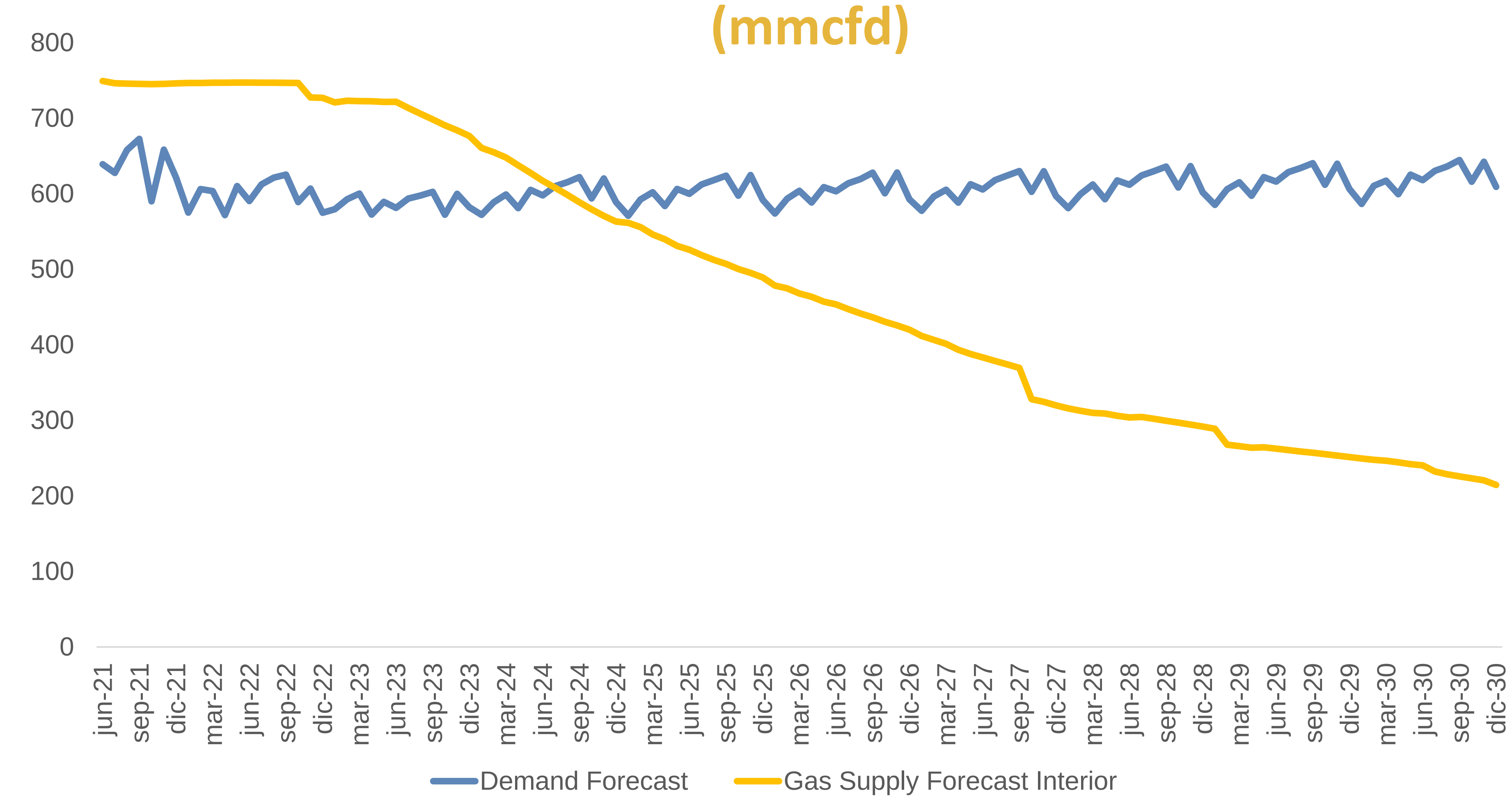
Interior Market

- Larger market (60% of Colombia's Natural Gas Demand) - lots of room to grow market share
- Stable market demand with large residential & industrial consumption
- Supply shortfall looming: interior Colombia gas market is completely reliant on mature large producing Llanos Basin gas fields that are expected to enter decline phase in 2022 (decline by 40% or ~300 mmcf/d from 2022 to 2026)

Demand Distribution (mmbtu/d)



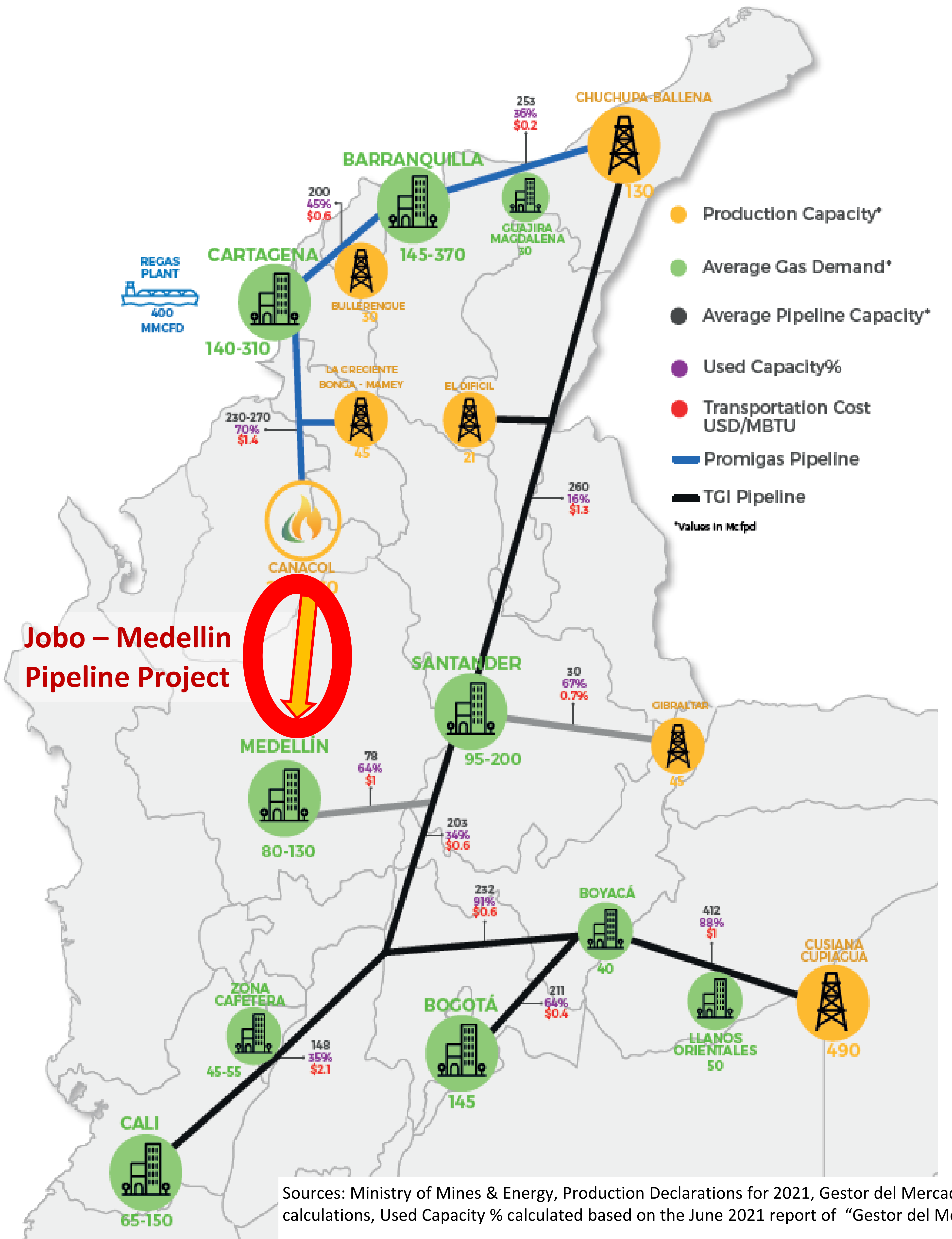
Natural Gas Supply / Demand Interior of Colombia (mmcfd)



Source: Demand Distribution: Gestor del Mercado. Data for 2020.

Demand Forecast: UPME
Supply Forecast: Declaracion de Produccion de Gas Natural 2021 – 2030

Solving Cost-Prohibitive Transportation – Jobo-Medellin Pipeline



Existing Pipeline Network Fees Prevent Canacol From Supplying the Interior Market

Existing network transport fees from the Caribbean to Interior: $5.3-$6.6 USD/Mcf

Jobo-Medellin pipeline fees expected to be:

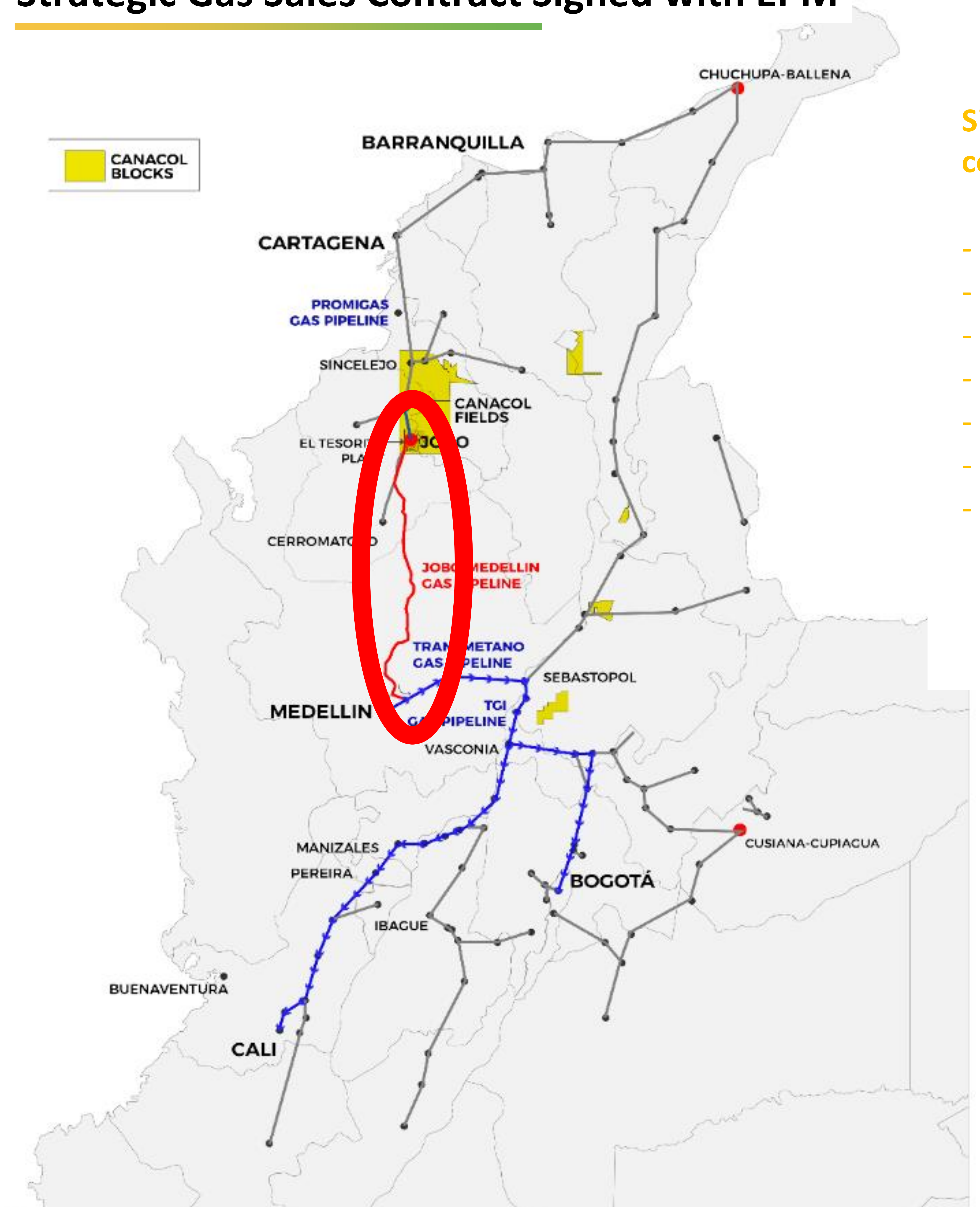
- <50% of current Jobo-Medellin fees
- ~70% of Llanos Basin-Medellin fees (e.g. Cusiana)

Jobo-Medellín pipeline will connect Canacol´s gas fields to the interior sales market of Colombia, which has ~60% of Colombia´s growing natural gas demand

Beyond Medellin, the pipeline will make Canacol’s gas available to consumers in Bogota, Cali, and other regional markets

Sources: Ministry of Mines & Energy, Production Declarations for 2021, Gestor del Mercado, XM, BEO de Transportadores 2021, Canacol management calculations, Used Capacity % calculated based on the June 2021 report of “Gestor del Mercado de Gas Natural en Colombia”

Strategic Gas Sales Contract Signed with EPM



Signed strategic contract with the largest utility company EPM:

- Take or Pay Contract
- Duration: 11 years
- Start Date: December 1, 2024
- End Date: November 30, 2035
- 1 year initial volume: **~21 million MMscfpd**
- Escalates to **~54 MMscfpd** on December 1, 2025
- Remaining at this level until the sales contract expires

Lowering gas costs for Medellin and Antioquia while delivering netbacks in line with Canacol´s current contract portfolio… a Win-Win alternative for Canacol & Medellin gas costumers

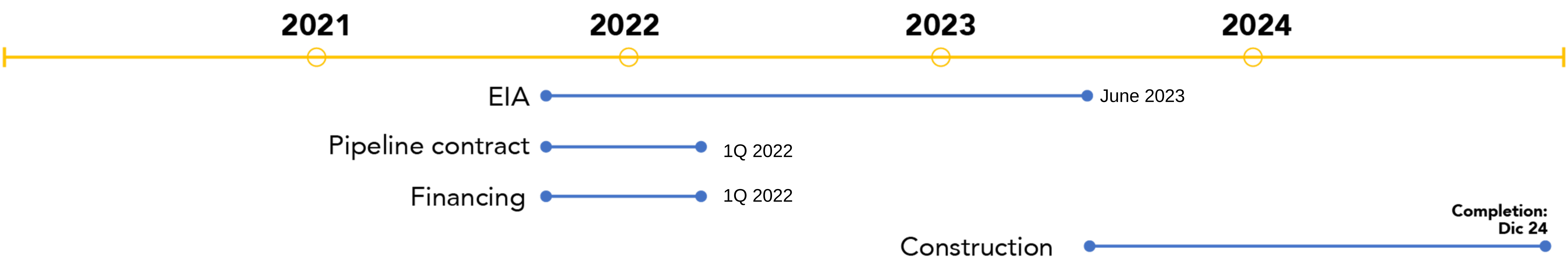
Working on additional Take or Pay gas contracts with consumers in the Interior:

- Bogota – 160 MMscfpd of demand
- Cali – 61 MMscfpd of demand

Jobo – Medellin Pipeline: Project Outline

New 20” pipeline will be built between Canacol´s gas treatment plant at Jobo to the city of Medellin located 285 kilometers to the south

CAPEX: ~ **US$450 million**
Capacity: **100 mmscfd (option to expand to 200 mmscfd)**
Target Start-up: **December 2024**



Next Activities:

1. ANLA´s environmental permit submission (end 2021)
2. Selection of the EPC contractor (1Q 2022)
3. Arrange financing as required to develop the project (1Q 2022)
4. Additional 45 MMscfpd of gas sales contracts required to fill the 100 MMscfpd capacity of the pipeline

$75 Million Senior Unsecured Bridge Term Loan

Bridge Term Loan Original Terms:

- **$75 million**

  2-yr term
  $25 million drawn to support first 12 months of Medellin pipeline project
  Interest Rate: **LIBOR +4.25%** on drawn amounts
  1.275% on undrawn amounts

Bridge Term Loan Amendment:

Amended to extend both the Bridge term and the availability period on undrawn amounts to July 31, 2023.

- The initial draw used for engineering and environment permitting
- Following $50 million currently budgeted to order long lead time items

Project Finance

Cornerstone infrastructure project in Colombia's economy that supports the Government's ambitions to transition its energy matrix

1. Canacol can not legally own more than 25% of the pipeline. Our intention is to own from 0%-25% depending on the terms of the winning consortium

2. Given expected debt financing of 70% of total construction costs, this would imply a maximum expected equity contribution of $34 million or less for Canacol.

3. Local and international institutions have expressed interest in:

- Leading an equity ownership group to build, own, and operate the pipeline
- Providing debt finance to support the project's execution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