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## 1Q 2023 Results Conference Call Presentation

May 2023

# 2023 Q1 Highlights

## Realized Natural Gas Sales

- 186 mmcf/d

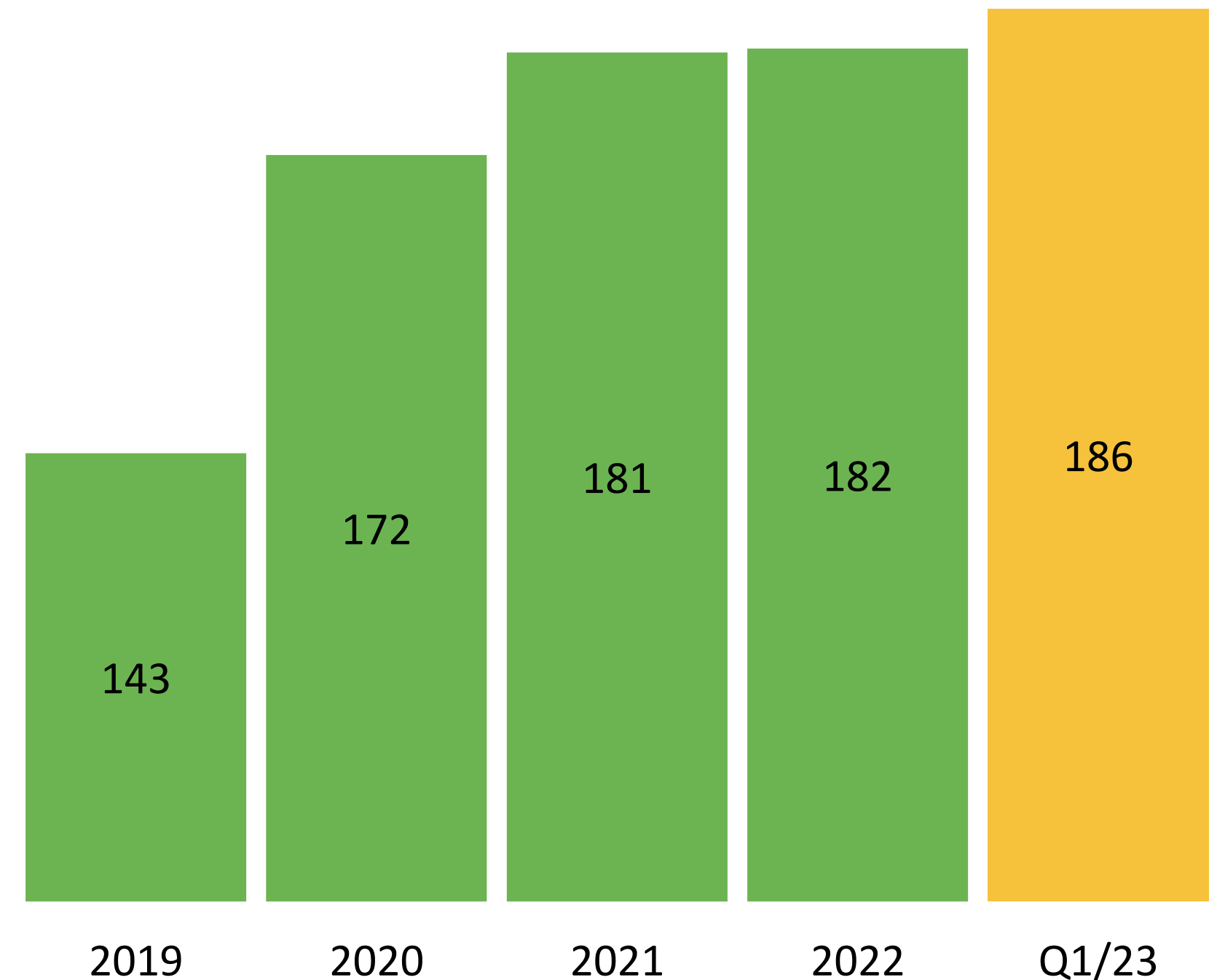
## Other Achievements

- \$4.01/mcf gas operating netback – highest since before COVID
- Operating Margin: 78%
- Record Adj. EBITDAX of \$61 million
- ROCE: 17%

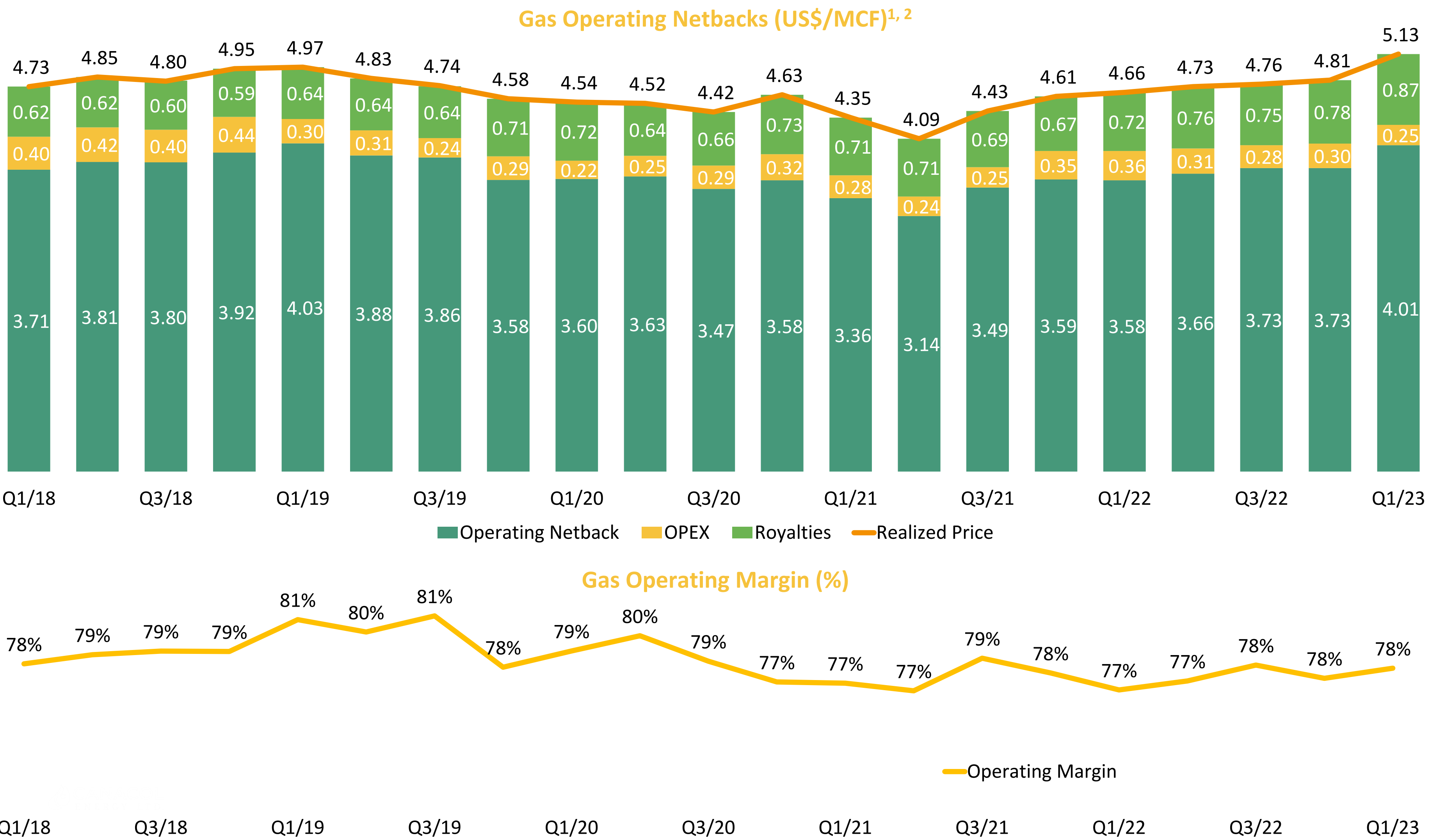
## Subsequent Event

- New discovery at Lulo, close to infrastructure and follow-up prospects

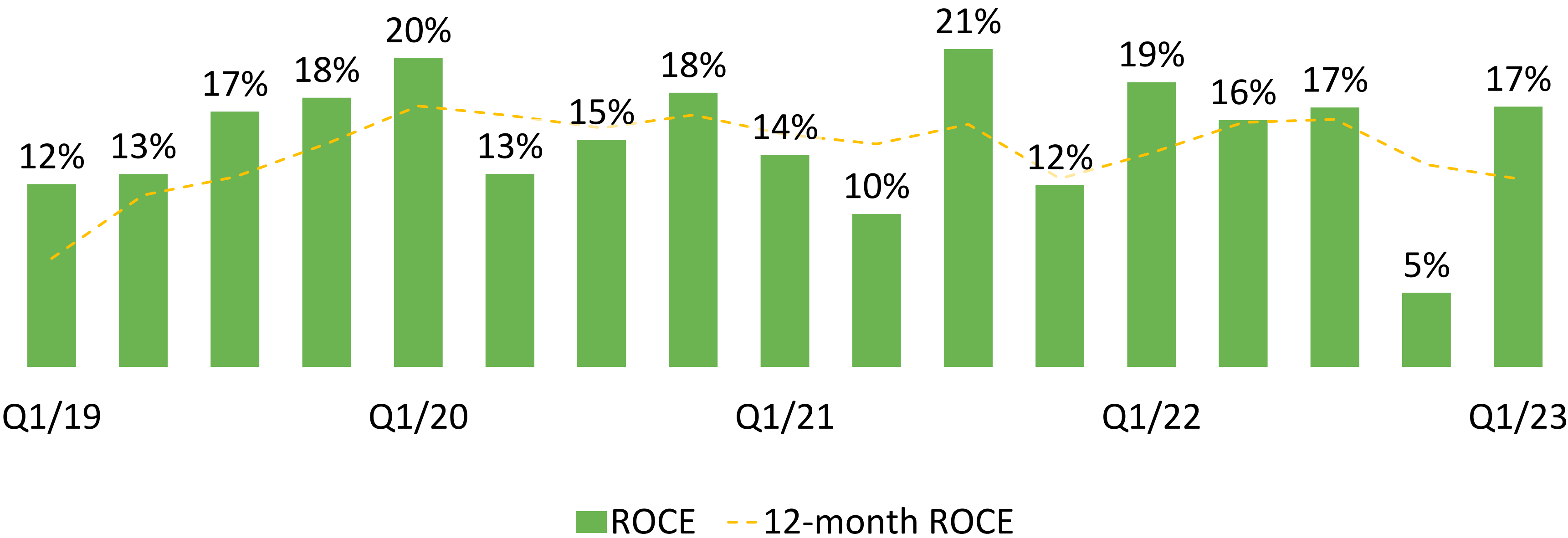
## Realized Natural Gas Sales (mmcf/d)



# High Prices + Low Cost = High Margins and Netbacks<sup>2</sup>

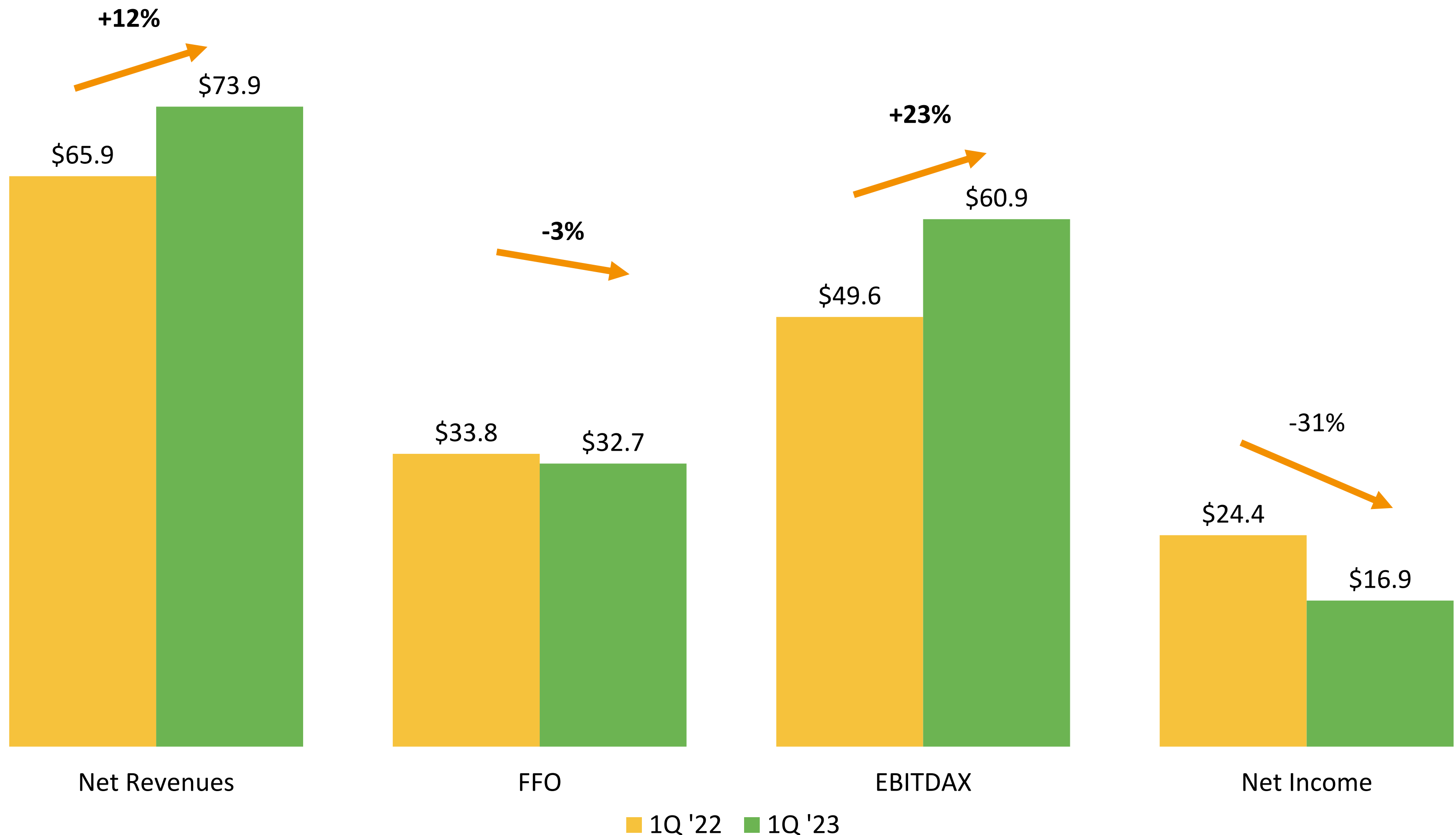


# High Return On Capital Employed (ROCE)<sup>1</sup>



(1) Return on Capital Employed (ROCE) is a non-IFRS measure, which Canacol calculates as a ratio, the numerator of which is annualized Earnings Before Interest and Tax (EBIT), and the denominator of which is Total Assets less Current Liabilities.

## Q1/23 Financial Highlights (US\$ MM)

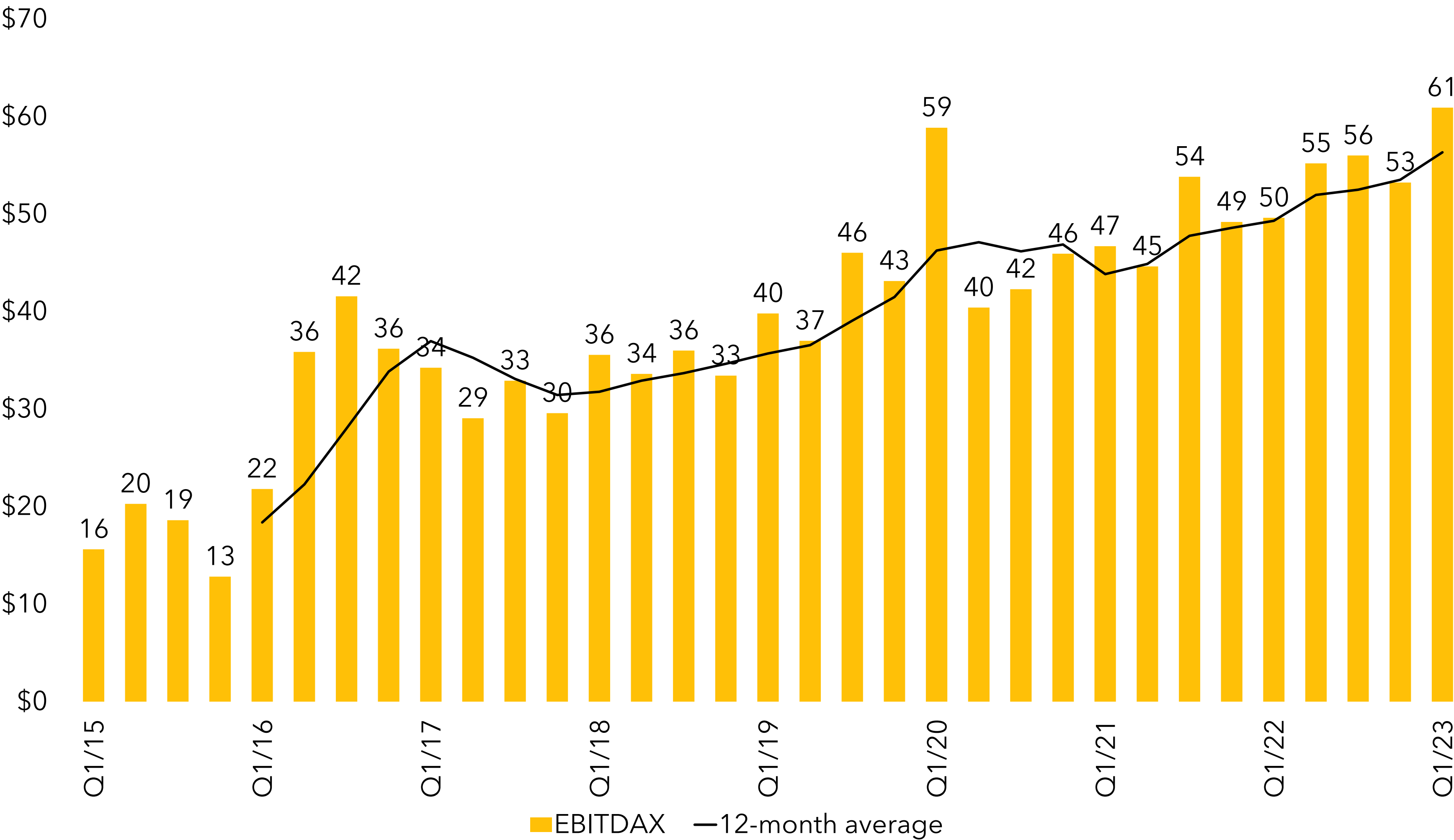


(1) Total revenues, net of royalties and transportation expense.

(2) Adjusted Funds From Operations (FFO) is a non-IFRS measure used to represent cash flow provided by operating activities before settlement of decommissioning obligations and changes in non-cash working capital.

(3) EBITDAX 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.

# Record Adjusted EBITDAX (US\$mm)



1. Adjusted EBITDAX is a non-IFRS measure. See our most recent MD&A for a full reconciliation

# 2023 Outlook

## Natural Gas Sales

Between 160 – 206 MMscfd

### Drill up to 10 wells

Continuous program targeting a 2P RRR of 200%

### Seismic Acquisition

Acquire 282 km<sup>2</sup> of 3D seismic on the VIM-5 block

**Continue progressing** new gas pipeline to Medellin.

**Return of Capital** while investing for growth

**ESG** continue strengthening our strategy and reporting





# CANACOL

ENERGY



Q&A

# 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 and 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.
- Net debt is defined as the principal amount of its outstanding long-term obligations less working capital, as defined above.
- 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.

# Advisories

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 March 31,	
	2023	2022
Cash flow provided by operating activities	\$ 30,969	\$ 38,063
Changes in non-cash working capital	1,507	(4,247)
Settlement of decommissioning obligations	217	—
<b>Adjusted funds from operations</b>	<b>\$ 32,693</b>	<b>\$ 33,816</b>

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

	2022			2023		
	Q2	Q3	Q4	Q1	Rolling	
Net income (loss) and comprehensive income (loss)	\$ (6,404)	\$ (4,463)	\$ 133,722	\$ 16,874	\$ 139,729	
(+) Interest expense	8,475	8,438	8,632	9,671	35,216	
(+) Income tax expense	27,156	25,970	(135,523)	8,869	(73,528)	
(+) Depletion and depreciation	18,284	17,388	16,226	18,971	70,869	
(+) Exploration expense	—	—	22,333	—	22,333	
(+) Pre-license costs	535	446	453	408	1,842	
(+) Unrealized foreign exchange loss (gain)	2,995	4,999	2,660	1,745	12,399	
(+/-) Other non-cash or non-recurring items	4,167	3,237	3,500	4,390	15,294	
Adjusted EBITDAX	\$ 55,208	\$ 56,015	\$ 52,003	\$ 60,928	\$ 224,154	

# Advisories

Return on Capital Employed (ROCE) is a non-IFRS measure, which Canacol calculates as a ratio, the numerator of which is annualized Earnings Before Interest and Tax (EBIT), and the denominator of which is Total Assets less Current Liabilities. Quarterly ROCE is calculated by annualizing EBIT by multiplying quarterly EBIT by four.

The following table reconcile Earnings Before Interest and Tax (EBIT) to Income before income taxes and Capital Employed to Total Assets.

	Q 1/21	Q 2/21	Q 3/21	Q 4/21	Q 1/22	Q 2/22	Q 3/22	Q 4/22	Q 1/23	2019	2020	2021	2022
Income before income taxes	14,075	7,193	24,824	14,067	25,618	20,752	21,507	-555	25,743	64,734	77,396	60,159	67,322
Net finance expense	8,426	8,881	8,339	8,761	10,303	10,288	10,364	10,526	12,769	32,902	31,012	34,407	41,481
Earnings Before Interest and Tax (EBIT)	22,501	16,074	33,163	22,828	35,921	31,040	31,871	9,971	38,512	97,636	108,408	94,566	108,803
Total Assets	751,857	728,242	740,604	843,760	859,430	846,621	876,444	1,014,848	1,096,428	754,062	749,792	843,760	1,014,848
Current Liabilities	103,909	86,601	103,361	77,051	88,963	78,758	126,023	193,402	192,568	97,813	92,616	77,051	193,402
Capital Employed	647,948	641,641	637,243	766,709	770,467	767,863	750,421	821,446	903,860	656,249	657,176	766,709	821,446
Return on Capital Employed	14%	10%	21%	12%	19%	16%	17%	5%	17%	15%	16%	12%	13%