



Canacol Energy Ltd. Announces Cancellation of EPM Gas Sales Contract and Strategic Entrance into Bolivia

CALGARY, ALBERTA – (October 19, 2023) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) announces that the long term take or pay gas sales contract with Empresas Publicas de Medellin E.S.P. ("EPM"), previously scheduled to commence deliveries on December 1, 2024 (the "Project") has been terminated by the Corporation. As of the time of termination the Project was still in the process of obtaining the environmental license required for the building of the pipeline to deliver contracted gas from the Corporation's Jobo gas processing plant to the city of Medellin. This process was initially expected to have been completed by July of 2023. Although this delay was not by itself sufficient to jeopardize the timely execution of the Project or the gas sales contract, it has been part of a pattern of ever increasing legal, social, and security obstacles that have arisen in the past months that have led the Corporation to reevaluate the likely future and priority placed on this Project. Senior Management will hold a Conference Call to discuss the cancellation of the EPM contract and strategic entrance into Bolivia on Friday, October 20, 2023, at 6:30 a.m. MST / 8:30 a.m. EST.

As a result of careful review of 1) the legal, social and security circumstances, 2) dynamics within the Colombian gas market, and 3) the Corporation's decision to invest in its natural gas exploration programs in the Middle Magdalena Basin and in Bolivia, the Corporation considers it prudent to cancel the Jobo to Medellin pipeline Project. As such the Corporation has advised EPM of its intention to terminate the contract with immediate effect. During 2023 the Corporation spent approximately \$ 6 million on the Jobo to Medellin project. Cancellation of the BOOM contract with SETCO will not incur any penalty to Canacol.

As a result of the termination of the Project, the Corporation plans to 1) reduce capital spending in the Lower Magdalena Basin ("LMV") starting in 2024 as volumes planned to be sent to Medellin starting in December 2024 for 12 years will no longer be necessary, 2) expend future capital in the LMV to target full use of existing transportation infrastructure, 3) drill the high impact Pola 1 gas exploration well in the Middle Magdalena Basin in the second quarter of 2024 on the Corporation's 100% working interest operated VMM45 Exploration and Production ("E&P") Contract which, if successful, could be commercialized into the interior market (Bogota, Medellin and Cali) via the existing Transportadora de Gas Internacional ("TGI") gas pipeline located 10 kilometers to the east of the Pola location, and 4) use excess capital originating from a reduced LMV capital program to reduce debt.

Strategic Entrance into Bolivia

Charle Gamba, President and CEO of the Canacol, stated "The Corporation has made a strategic entrance into Bolivia with the execution of three Exploration and Production ("E&P") contracts with Yacimientos Petroliferos Fiscales Bolivianos ("YPFB"), the Bolivian state oil and gas company. The Corporation has placed initial guarantees for a total of US\$ 1.4 million. We're also in the process of seeking government approval for the award of a fourth E&P contract. Bolivia's gas production has been declining over recent years, and these agreements, executed with the participation of YPF, are part of the Bolivian government's efforts to attract investment to increase gas reserves and production. The four E&P contracts expose Canacol to both low-risk mature gas field redevelopments as well as significant gas exploration potential in the largest gas producing basin of Bolivia with a modest capital commitment over 5 years of approximately US\$ 27 million of investment. Gas from these contracts can be rapidly commercialized given success as they are strategically located along the main gas pipeline routes with export to Brazil. We anticipate commencing investment and operations in Bolivia in 2024."

The conference call may be accessed by dial in or via webcast:

Pre-register for the Conference Call: <https://dpreister.com/sreg/10183821/fadd872535>

Dial In Toll Free: 1-844-784-1724

Participant International Dial In: 1-412-317-6716

Canada Toll Free: 1-866-450-4696

Colombia Toll Free: 01800-9-156803

UK Toll Free: 08082389064

Webcast link: <https://event.choruscall.com/mediaframe/webcast.html?webcastid=sD356Te0>



All remarks made during the conference call will be current at the time of the call and may not be updated to reflect subsequent material developments.

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 certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, including without limitation statements relating to estimated production rates from the Corporation's properties and intended work programs and associated timelines. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward-looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

Realized contractual gas sales is defined as gas produced and sold plus gas revenues received from nominated take or pay contracts.

Investor Relations

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