Canacol Energy Ltd. Reports Record Natural Gas Netback and Adjusted EBITDAX for the Second Quarter of 2024

CALGARY, ALBERTA - (August 8, 2024) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to report its financial and operating results for the three and six months ended June 30, 2024. Dollar amounts are expressed in United States dollars, with the exception of Canadian dollar unit prices ("C$") where indicated and otherwise noted.

Highlights for the three and six months ended June 30, 2024

- Adjusted funds from operations increased 70% and 50% to $57.1 million and $99.3 million for the three and six months ended June 30, 2024, respectively, compared to $33.7 million and $66.4 million for the same periods in 2023, respectively, mainly due to an increase in EBITDAX combined with a decrease in current income tax expense.
- Adjusted EBITDAX increased 21% and 10% to $73.2 and $134.2 million for the three and six months ended June 30, 2024, respectively, compared to $60.7 million and $121.6 million for the same periods in 2023, respectively. The increase is mainly due to an increase in the realized sales price of natural gas and liquefied natural gas ("LNG"), which averaged a record quarterly price of $6.84 per Mcf, net of transportation, representing a 33% increase from the same quarter in 2023.
- The Corporation's natural gas and LNG operating netback increased 36% and 29% to $5.34 per Mcf and $5.12 per Mcf for the three and six months ended June 30, 2024, respectively, compared to $3.94 per Mcf and $3.97 per Mcf for the same periods in 2023, respectively. The increase is due to a 19% increase in average sales prices of firm long-term fixed-priced contracts to $6.04 per Mcf for the six months ended June 30, 2024, compared to $5.09 per Mcf for the same period in 2023, and the increase in interruptible prices.
- Total revenues, net of royalties and transportation expenses for the three and six months ended June 30, 2024 increased 18% and 12% to $88.3 and $166.0 million, respectively, compared to $74.6 million and $148.5 million for the same periods in 2023, respectively, mainly due to higher average sales price, net of transportation expenses, offset by a decrease in realized natural gas and LNG sales volume.
- Realized contractual natural gas sales volume decreased 14% and 17% to 158.5 MMcfpd and 154.5 MMcfpd for the three and six months ended June 30, 2024, respectively, compared to 184.8 MMcfpd and 185.2 MMcfpd for the same periods in 2023, respectively.
- The Corporation realized a net loss of $21.3 million and $17.6 million for the three and six months ended June 30, 2024, respectively, compared to a net income of $40.0 and $56.9 million for the same periods in 2023, respectively. The decrease in net income is driven by a non-cash deferred income tax expense of $42.6 million in the three months ended June 30, 2024 as compared to a deferred income tax recovery of $38.9 million for the same period in 2023. The $42.6 million non-cash deferred income tax expense is driven by an 8% Colombian peso devaluation.
- Net cash capital expenditures for the three and six months ended June 30, 2024 was $33.9 million and $69.7 million, respectively.
- As at June 30, 2024, the Corporation had $42.6 million in cash and cash equivalents and $0.5 million in working capital surplus.

Outlook

For 2024, the Corporation remains focused on the following objectives:

1) In line with maintaining and growing Canacol's reserves and production in its core gas assets in the Lower Magdalena Valley Basin, the Corporation is executing comprehensive development and exploration programs. The Corporation aims to optimize its production and increase reserves by drilling up to five development wells, installing new compression and processing facilities, and through workover operations on producing wells in the Corporation's key gas fields. To date in 2024, the Corporation has completed the drilling of two successful exploration wells, Pomelo-1 and Chondaturo-1, and three successful development wells, Clarinete-10, Chontaduro-2, and Chontaduro-3. Through these above mentioned activities, the Corporation has managed to stabilize its gas sales at an average rate of 159 MMcfpd during Q2 of 2024. The high-impact Cardamomo-1 exploration well, was spud on August 8, 2024. These development and exploration activities are planned to support Canacol's robust EBITDA and allow the Corporation to capitalize on strong market dynamics in 2024.

2) Maintaining a low cost of capital, cash liquidity and balance sheet flexibility to invest for the long term. As of June 30, 2024, the Corporation had a cash balance of approximately $43 million.

3) To secure government approval of a fourth E&P contract in Bolivia that covers an existing gas field reactivation, to begin development operations with a view to adding reserves and production and commencing gas sales in 2025.

4) Continue with the Corporation's commitment to its environmental, social and governance strategy.

FINANCIAL & OPERATING HIGHLIGHTS

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

Financial	**Three months ended June 30,**			**Six months ended June 30,**		
	2024	2023	Change	**2024**	2023	Change
Total revenues, net of royalties and transportation expense	**88,288**	74,605	18%	**165,979**	148,518	12%
Adjusted EBITDAX(1)	**73,187**	60,654	21%	**134,228**	121,582	10%
Adjusted funds from operations(1)	**57,121**	33,686	70%	**99,347**	66,379	50%
Per share – basic ($)(1)	**1.67**	0.99	69%	**2.91**	1.95	49%
Per share – diluted ($)(1)	**1.67**	0.99	69%	**2.91**	1.95	49%
Cash flows provided by operating activities	**49,202**	(24,413)	n/a	**103,921**	6,556	1,485%
Per share – basic ($)	**1.44**	(0.72)	n/a	**3.05**	0.19	1,505%
Per share – diluted ($)	**1.44**	(0.72)	n/a	**3.05**	0.19	1,505%
Net income and comprehensive income	**(21,298)**	39,990	n/a	**(17,644)**	56,864	n/a
Per share – basic ($)	**(0.62)**	1.17	n/a	**(0.52)**	1.67	n/a
Per share – diluted ($)	**(0.62)**	1.17	n/a	**(0.52)**	1.67	n/a
Weighted average shares outstanding – basic	**34,111**	34,111	—%	**34,111**	34,111	—%
Weighted average shares outstanding – diluted	**34,111**	34,111	—%	**34,111**	34,111	—%
Net cash capital expenditures(1)	**33,853**	51,985	(35%)	**69,731**	99,108	(30%)
				Jun 30, 2024	Dec 31, 2023	Change
Cash and cash equivalents				**42,596**	39,425	8%
Working capital deficit				**514**	(10,028)	n/a
Total debt				**714,286**	713,435	—%
Total assets				**1,197,466**	1,233,428	(3%)
Common shares, end of period (000's)				**34,111**	34,111	—%

Operating	**Three months ended June 30,**			**Six months ended June 30,**		
	2024	2023	Change	**2024**	2023	Change
Production						
Natural gas and LNG (Mcfpd)	**162,652**	187,687	(13%)	**158,348**	188,033	(16%)
Colombia oil (bopd)	**1,700**	527	223%	**1,552**	546	184%
Total (boepd)	**30,235**	33,455	(10%)	**29,332**	33,534	(13%)
Realized contractual sales						
Natural gas and LNG (Mcfpd)	**158,541**	184,752	(14%)	**154,481**	185,185	(17%)
Colombia oil (bopd)	**1,681**	523	221%	**1,535**	555	177%
Total (boepd)	**29,495**	32,936	(10%)	**28,637**	33,044	(13%)
Operating netbacks(1)						
Natural gas and LNG ($/Mcf)	**5.34**	3.94	36%	**5.12**	3.97	29%
Colombia oil ($/bbl)	**21.98**	18.57	18%	**21.14**	22.39	(6%)
Corporate ($/boe)	**29.95**	22.36	34%	**28.77**	22.61	27%

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

This press release should be read in conjunction with the Corporation's interim condensed consolidated financial statements and related Management's Discussion and Analysis ("MD&A"). The Corporation has filed its interim condensed consolidated financial statements and related MD&A as at and for the six months ended June 30, 2024 with Canadian securities regulatory authorities. These filings are available for review on SEDAR+ at www.sedarplus.ca.

Canacol is a natural gas exploration and production company with operations focused in Colombia. The Corporation's shares are traded on the Toronto Stock Exchange 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.

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", "target", "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. Information and guidance provided herein supersedes and replaces any forward looking information provided in prior disclosures. 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. Other risks are more fully described in the Corporation's most recent Management Discussion and Analysis ("MD&A") and Annual Information Form, which are incorporated herein by reference and are filed on SEDAR at www.sedar.com. Average production figures for a given period are derived using arithmetic averaging of fluctuating historical production data for the entire period indicated and, accordingly, do not represent a constant rate of production for such period and are not an indicator of future production performance. Detailed information in respect of monthly production in the fields operated by the Corporation in Colombia is provided by the Corporation to the Ministry of Mines and Energy of Colombia and is published by the Ministry on its website; a direct link to this information is provided on the Corporation's website. References to "net" production refer to the Corporation's working-interest production before royalties.

Use of Non-IFRS Financial Measures *- Such supplemental measures should not be considered as an alternative to, or more meaningful than, the measures as determined in accordance with IFRS as an indicator of the Corporation's performance, and such measures may not be comparable to that reported by other companies. This press release also provides information on adjusted funds from operations. Adjusted funds from operations is a measure not defined in IFRS. It represents cash provided (used) by operating activities before changes in non-cash working capital and the settlement of decommissioning obligation, adjusted for non-recurring charges. The Corporation considers adjusted funds from operations a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Adjusted funds from operations should not be considered as an alternative to, or more meaningful than, cash provided by operating activities as determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's determination of adjusted funds from operations may not be comparable to that reported by other companies. For more details on how the Corporation reconciles its cash provided by operating activities to adjusted funds from operations, please refer to the "Non-IFRS Measures" section of the Corporation's MD&A. Additionally, this press release references Adjusted EBITDAX and operating netback measures. Adjusted EBITDAX is defined as consolidated net income adjusted for interest, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-recurring or non-cash charges. Operating netback is a benchmark common in the oil and gas industry and is calculated as total natural gas, LNG and petroleum sales, net transportation expenses, less royalties and operating expenses, calculated on a per barrel of oil equivalent basis of sales volumes using a conversion. Operating netback is an important measure in evaluating operational performance as it demonstrates field level profitability relative to current commodity prices. Adjusted EBITDAX 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.*

Operating netback is defined as revenues, net transportation expenses less royalties and operating expenses.

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.

The Corporation's LNG sales account for less than one percent of the Corporation's total realized contractual natural gas and LNG sales.

Boe Conversion *- The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet of natural gas to barrels 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 news release, 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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 5.7 Mcf:1, utilizing a conversion on a 5.7 Mcf:1 basis may be misleading as an indication of value.*

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