Canacol Energy Ltd Provides Corporate Update

CALGARY, ALBERTA – (January 27, 2025) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX: CNE; OTCQX: CNNEF; BVC: CNEC) is pleased to provide the following update concerning its 2024 unaudited financial and operating results, current drilling activities and results, and recent activity in Bolivia.

2024 Financial Highlights

	Q4 2024E	Annual 2024E	2024 Guidance
Realized contractual oil and gas sales (MMcfe/d)	163	165	160 to 177
EBITDAX ($MM)	78	298	250 to 290
Cash capex ($MM)	29	123	138 to 151
Leverage ratio	2.3x	2.3x	2.4x to 2.8x

The Corporation is pleased to report that the fourth quarter of 2024 was another strong quarter, with EBITDAX reaching approximately $78 million for the three months ended December 31, 2024, resulting in an annual EBITDAX of approximately $298 million for 2024, which is higher than the upper end of the Corporation's 2024 guidance ("2024 Guidance"). The strong EBITDAX is mainly driven by tightening of Colombia's natural gas supply resulting in higher natural gas and electricity prices. Capex was approximately $29 million and $123 million for the three months and year ended December 31, 2024, respectively, which is lower than the lower end of the 2024 Guidance, mainly due to the Corporation's drilling efficiencies and cost-reduction initiatives. The Corporation ended 2024 with a leverage ratio of 2.3x, which is lower than the lower end of the 2024 guidance.

Drilling Update

Natilla-2 ST1 Exploration Well (SSJN-7 Exploration and Production contract 100% Working Interest)

Natilla-2 ST1 reached a total depth of 15,050 feet true vertical depth (ñft TVDò) near the base of the Porquero Formation, the planned intermediate casing point of the well situated just above the underlying Cienega de Oro (ñCDOò) sandstone primary target. Drilling through the Porquero took longer than anticipated due to high pressures and wellbore issues. The well encountered an approximately 550 ft TVD gross section of interbedded sandstone and shales within the Porquero with good reservoir quality as indicated by sonic and resistivity logs collected while drilling.

Formation pressures across this section of the Porquero ranged from 12,500 ï 13,500 psi based on the PWD (Pressure While Drilling) tool, indicating gas at very high pressure, and very high mud weights of up to 18.8 pounds per gallon while drilling were required to prevent the influx of gas into the wellbore. Despite the heavy mud weights used while drilling through this section of the Porquero, total measured gas confirmed that the sandstones are gas charged.

Casing is currently being run to isolate the Porquero prior to continuing to drill to the primary Cienaga de Oro target to a total planned depth of 16,510 ft TVD. Upon completion of drilling, open hole and cased hole logs will be run across both the CDO and Porquero respectively, and production tests will subsequently be conducted across any potential gas producing intervals.

Lulo-3 Appraisal Well (Esperanza Exploration and Exploitation Contract, 100% Working Interest)

The Lulo-3 appraisal well was spud on January 19, 2025, and reached a total depth of 8,209 ft MD on January 24, 2025. The well encountered 101 ft TVD of gas pay within the primary CDO sandstone reservoir target. The well is currently being cased and completed and will be placed on production the first week of February 2025.

Clarinete 11 Development Well (VIM5 Exploration and Production Contract 100% Working Interest)

The Clarinete 11 development well was spud on December 21 2025 and reached a total depth of 8,695 ft MD on January 1 2025. The well encountered approximately 205 ft TVD of net gas pay within the CDO sandstone reservoir and was placed on production at approximately 6 MMscfpd.,

Siku-2 Appraisal Well (VIM-5 Exploration and Production Contract 100% Working Interest)

The Siku-2 appraisal well was spud on January 26, 2025, and is targeting an extension of the Siku gas field discovered by the Corporation in 2020. The well is targeting gas charged CDO reservoir sandstones within a part of the field located approximately 500 meters to the southeast of the Siku-1 discovery well. The Corporation anticipates that the well will be drilled, completed and tied in within 3 weeks.

Pibe-2 Appraisal Well (VIM-21 Exploration and Exploitation Contract 100% Working Interest)

The Pibe-2 appraisal well was spud on December 19, 2024, and reached a total depth of 9,392 ft TVD. Non commercial gas was encountered within the CDO reservoir and the well was subsequently abandoned.

Bolivia Update

The Corporation has now completed the signing of four contracts with the Bolivian state through its National Oil Company YPFB. The four contracts, Tita, Arenales, Ovai and Florida Este, are located within the prolific sub-Andean basin in the south-central part of Bolivia, and are all adjacent to producing gas fields, gas export pipelines and other facilities. An aggregate of approximately US$ 2 million in guarantees have been posted to secure the 4 contracts.

Tita is a development contract that includes a suspended gas condensate field discovered by Occidental Petroleum in 1974. The field produced approximately 4.2 million barrels of condensate and 112 Bcf of natural gas in the period 1978-1996, with the gas being flared due to lack of pipeline infrastructure at that time. A gas export pipeline connecting Bolivia to Brazil was subsequently constructed in 1998 and is located approximately 10 kilometers to the north of the Tita field. The Corporation has identified significant remaining gas resource potential within Tita and plans to initially execute a number of recompletions of existing wells in the first half of 2026 in order to restart production.

Final approval of the four contracts by the Bolivian Congress is anticipated in the fourth quarter of 2025 which will establish the effective date of the contracts and allow for the initiation of development and exploration activities. The minimum work program commitment associated with the four contracts is approximately US$ 30 million spent over a period of 5 years.

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 CNE.C, respectively.

Forward-looking Information and 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", "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 deliverie*s.

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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