# Canacol Energy Ltd. Provides 2025 Capital and Gas Sales Guidance

**CALGARY, Alberta (February 24, 2025)** – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide its capital and gas sales guidance for 2025. Dollar amounts are expressed in United States dollars, with the exception of Canadian dollar unit prices ("C$") where indicated and otherwise noted.

The Corporation announces that its 2025 capital budget is between $143 million and $160 million. Forecast average realized contractual gas sales and oil sales for 2025, which include downtime, are anticipated to range between 146 and 159 million cubic feet equivalent per day ("MMcfepd"). The Corporation's firm 2025 take-or-pay natural gas contracts average 111 MMcfpd, net of contractual downtime. The average wellhead natural gas sales price (including take-or-pay and interruptible volumes), net of transportation costs, is expected to range between $7.33/Mcf and $7.65/Mcf on average.

**Corporate Plan for 2025**

Charle Gamba, President and CEO of Canacol, stated: "In 2025 the Corporation is focused on i) maintaining and growing our reserve base and production from our core assets in the Lower Magdalena Valley Basin, targeting the full use of existing transportation infrastructure; ii) exploring higher impact gas exploration opportunities in the Lower and Middle Magdalena Valley Basin; iii) laying the groundwork to be able to commence operations in Bolivia in 2026 and iv) continue our commitment to our ESG strategy".

For 2025, the Corporation is focused on the following specific objectives:

In line with maintaining and growing our reserves and production in our core gas assets in the Lower Magdalena Valley Basin ("LMV") we plan to optimize our production and increase reserves by drilling up to 11 exploration and 3 development wells, install new compression and processing facilities as required, and workover operations of producing wells in our key gas fields. These development and exploration activities are planned to support our robust EBITDA generation and allow us to capitalize on strong gas market dynamics in 2025.

The development wells include the Clarinete-11, Siku-2 and Lulo-3 wells, all of which have already been successfully drilled and brought on production.

The exploration drilling plan includes 10 gas exploration wells in the LMV and one gas and condensate exploration well in the Middle Magdalena Valley ("MMV"). Notable exploration wells in the LMV include continuing operations at Natilla-2 ST2, which encountered 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. Other notable exploration wells include the Ramsay-1 which is targeting a large 4 way closure within the CDO sandstone reservoir located close to the Nelson field which we plan to spud in the second quarter, and a group consisting of 3 exploration wells (Zamia, Borbon, and Monstera) targeting 3 separate prospects within the CDO sandstone reservoir located close to our Nispero gas field, the first of which we plan to also spud in the early second quarter. While a discovery at Natilla will take approximately 9 months to bring on production due to the need to build a 15 kilometer flow line, Ramsay, Zamia, Borbon, and Monstera can be quickly brought on production if successful due to their proximity to existing flowlines. The remaining 5 exploration wells are targeting smaller structures located close to existing infrastructure that can be commercialized rapidly if successful.

Over the last several years the Corporation has assembled a significant acreage position in the MMV, and this year we plan to drill the Valiente prospect targeting a large shallow structure located approximately 5 kilometers to the south and up dip of the Opon gas field discovered in 1965 by Cities Services and later developed by Amoco in 1997. The productive sandstone reservoirs within the Tertiary La Paz Formation at Opon reached a production peak of approximately 104 MMcfpd of gas and 3,790 barrels of condensate per day in 1998, and produced a total of 54 billion cubic feet of gas and 1.2 million barrels of condensate. Valiente-1 is planned to spud in early fourth quarter and will target the same productive sandstones of the La Paz Formation that were productive at Opon, but at considerably shallower depths.

The Corporation is also continuing its efforts with respect to the Pola exploration project located in the MMV. Pola is a large prospect targeting gas within Cretaceous aged reservoirs at depths of close to 17,000 feet. Given the relatively high cost of the well, the Corporation is currently evaluating its options with respect to how to proceed with the project.

In Bolivia the Corporation is awaiting ratification and formalization by congress of three exploration contracts (Arenales, Ovai, and Florida Este) and one field redevelopment contract (Tita) in order to establish the effective date of all four contracts. The Corporation is currently preparing to apply for the environmental permit for Tita, along with formulating development plans, in order to commence field reactivation activities in 2026.

**2025 Corporate Guidance**

Provided below is the Corporation's guidance for 2025:

| Highlights | 2024E | 2025 Low End Guidance | 2025 High End Guidance |
|---|---|---|---|
| Natural gas sales volume (MMcfpd) | 157 | 140 | 153 |
| Crude oil sales volume (bopd) | 1,402 | 1,050 | 1,050 |
| Total sales volume (MMcfepd) | 165 | 146 | 159 |
| EBITDA ($ millions) | $298 | $264 | $312 |
| Capital expenditures ($ millions)(1) | $123 | $143 | $160 |

**2025 Capital Program**

| | 2024E | 2025 Low End Guidance | 2025 High End Guidance |
|---|---|---|---|
| Development and Maintenance | $59 | $75 | $75 |
| Exploration (Wells, Seismic, and EIA) | $50 | $52 | $69 |
| Administrative, social, environmental and other | $14 | $16 | $16 |
| **Total capital expenditures** | $123 | $143 | $160 |

The 2025 capital program balances development of Canacol's existing reserves with exploration, targeting the addition of new reserves.

**2025 Financial Highlights**

| | 2024E | 2025 Low End Guidance | 2025 High End Guidance |
|---|---|---|---|
| Natural gas sales volume (MMcfpd) | 157 | 140 | 153 |
| Crude oil sales volume (bopd) | 1,402 | 1,050 | 1,050 |
| Total sales volume (MMcfepd) | 165 | 146 | 159 |
| Interruptible spot sales as a % of total gas sales | 24% | 21% | 28% |
| Average gas sales price ($/Mcf) | $6.99 | $7.33 | $7.65 |
| Gas netback ($/Mcf) | $5.41 | $5.81 | $6.19 |
| EBITDA ($ millions) | $298 | $264 | $312 |
| Capital expenditures ($ millions) | $123 | $143 | $160 |

A $1/Mcf increase/decrease in average interruptible gas price will have an EBITDA impact of approximately $9 million and $14 million on the low-end and high-end guidance, respectively.

During the second quarter of 2025, the Corporation will be required to make approximately $18 million of Colombian income tax payments and installments, including approximately $12 million related to a 2025 tax year advance.

As at both December 31, 2024 and the date of this release, the Corporation had approximately $79 million of unrestricted cash. The Corporation ended 2024 with a net debt to EBITDA ratio of approximately 2.3x, which was well within our debt covenants of 3.25x to 3.5x.

One of the Corporation's long-term corporate objectives is to reduce debt, however, given current favorable gas market dynamics, the Corporation has decided to maintain substantial investments in its key producing blocks located in the Lower Magdalena Valley Basin and continuing its exploration program in the MMV, both aimed at capitalizing on the prevailing market conditions.

**Drilling Operations Update**

The Siku-2 appraisal well located on the 100% operated VIM-21 Exploration and Exploitation ("E&E") Contract reached total depth on February 3, 2025 and was brought on production on February 12, 2025 at a restricted rate of 6 MMcfpd.

The Natilla-2 ST2 well located on the 100% operated SSJN-7 Exploration and Production Contract is currently preparing to drill out of cement in order to establish a sidetrack within the Lower Porquero Formation. The objective of the sidetrack is to drill to the top of the primary target CDO sandstone reservoir and set a liner, prior to drilling through the CDO to a total depth of approximately 16,500 ft TVD.

The Fresa-3 appraisal well located on the 100% operated VIM-21 E&E Contract was spud on February 17, 2025 and is currently drilling towards its target within the CDO sandstone reservoir. The well is anticipated to be completed and on production within the next 3 weeks. In the event that the Fresa-3 well is successful, the well will be placed immediately on production once completed.

The drilling rig is currently mobilizing to drill the Chibigui-1 exploration well located on the 100% operated VIM-5 E&E contract. The well is targeting reservoirs of the CDO sandstones, and is anticipated to take approximately 3 weeks to drill and test. In the event that the Chibugui-1well is successful, a 3.5 km long flow line will be built to tie the well into production.

**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.

**<u>Forward-Looking Statements</u>**

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. All statements other than statements of historical fact contained in this news release may be forward-looking statements. Such statements can generally be identified by words such as "may," "target," "could," "would," "will," "should," "believe," "expect," "anticipate," "plan," "intend," "foresee" and other similar words or phrases. In particular, forward-looking statements herein include, but are not limited to, statements relating to the expectations regarding the use of proceeds of the proposed offering. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. Canacol believes that the expectations reflected in such forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements are made as of the date of this news release and Canacol assumes no obligation to update or revise them to reflect new events or circumstances, except as expressly required by applicable securities law. Further information regarding risks and uncertainties relating to

Canacol and its securities can be found in the disclosure documents filed by Canacol with the securities regulatory authorities, available at www.sedar.com.

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