Canacol Energy Ltd. Reports a 7% Increase in Netback of US$3.73 per Mcf and an Adjusted EBITDAX of $56 million in Q3 2022

CALGARY, ALBERTA - (November 10, 2022) - 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 nine months ended September 30, 2022. 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 nine months ended September 30, 2022

- Realized contractual natural gas sales volumes decreased 3% to 184.2 MMscfpd for the three months ended September 30, 2022 and increased 3% to 184.7 MMscfpd for the nine months ended September 30, 2022, compared to 190.6 MMscfpd and 179.9 MMscfpd for the same periods in 2021, respectively. Average natural gas production volumes decreased 3% to 186.7 MMscfpd for the three months ended September 30, 2022 and increased 3% to 186.8 MMscfpd for the nine months ended September 30, 2022, compared to 192.4 MMscfpd and 181.7 MMscfpd for the same periods in 2021, respectively. The decease during the three months ended September 30, 2022 is mainly due to a decrease in the demand of spot sales volumes. The increase during the nine months ended September 30, 2022 is mainly due to an increase of natural gas sales volumes contracted under firm contracts in 2022.
- Total natural gas revenues, net of royalties and transportation expenses increased 3% and 13% to $67.7 million and $199.9 million for the three and nine months ended September 30, 2022, compared to $65.5 million and $176.4 million for the same periods in 2021, respectively. The increase during the three months ended September 30, 2022 is mainly attributable to higher natural gas realized sales price, net of transportation expenses. The increase during the nine months ended September 30, 2022 is mainly attributable to higher sales volumes and higher natural gas realized sales prices, net of transportation expense.
- Adjusted EBITDAX increased 4% and 11% to $56 million and $160.8 million for the three and nine months ended September 30, 2022, compared to $53.8 million and $145.2 million for the same periods in 2021, respectively.
- Adjusted funds from operations increased 1% to $38.7 million and $111.6 million for the three and nine months ended September 30, 2022, compared to $38.2 million and $110.2 million for the same periods in 2021, respectively.
- The Corporation realized a net loss of $4.5 million and a net income of $13.6 million for the three and nine months ended September 30, 2022, compared to a net income of $8.8 million and $8.2 million for the same periods in 2021, respectively. A non-cash deferred tax expense was recognized of $11.1 million and $10.9 million during the three and nine months ended September 30, 2022, compared to a deferred tax expense of $2.9 million and $12.6 million for the same periods in 2021, respectively. The deferred tax expense was primarily due to the impact of the devaluation of the Colombian Peso ("COP") foreign exchange rate on the value of unused tax losses and cost pools.
- The Corporation's natural gas and LNG operating netback increased 7% to $3.73 per Mcf in the three months ended September 30, 2022, compared to $3.49 per Mcf for the same period in 2021. The increase is mainly due to an increase in average sales prices, net of transportation expenses of $4.76 per Mcf during the three

months ended September 30, 2022, compared to $4.43 per Mcf for the same period in 2021. The increase was offset by higher operating expenses per Mcf during the three months ended September 30, 2022.

- Net capital expenditures for the three and nine months ended September 30, 2022 were $50.1 million and $123.2 million, respectively. Net capital expenditures included non-cash adjustments related mainly to decommissioning obligations of $4.4 million and $8.9 million, respectively, for the three and nine months ended September 30, 2022.
- As at September 30, 2022, the Corporation had $92.5 million in cash and cash equivalents and $75.3 million in working capital surplus.

Sustainability

As indicated in the Corporation's 2021 Environmental, Social and Governance ("ESG") Integrated Report released on June 28, 2022, Canacol currently leads the industry as one of the cleanest oil and gas producers in both Colombia and North America with Scope 1 and 2 greenhouse gas ("GHG") emissions that are 80% lower than our oil focused peers and 50% lower than our gas focused peers, on average. Canacol's ambition is to continue to lead the oil and gas industry in Colombia in terms of supplying the increasing energy demands of Colombians while reducing carbon emissions, exploring avenues for renewable energy generation, fostering national energy self-sufficiency, and catalyzing the growth and development of Colombia's economy and its people. Canacol fully supports global goals to meet the Paris Agreement targets as well as Colombia's commitment to a 51% reduction in emissions by 2030, of which natural gas will play a crucial role in a fair and equitable energy transition. The Corporation's objective on ESG matters is to improve the quality of life of millions of people through the exploration, production and supply of conventional natural gas in Colombia. Alongside this, the Corporation is focused on generating value for its stakeholders in a sustainable, collaborative, co-responsible, respectful and transparent way. With the Corporation's transition to natural gas, it now has an environmentally friendly value proposition that contributes to the reduction of CO2 emissions in Colombia and provides for a more efficient use of environmentally preferable resources.

The Corporation continues to support its communities in essential social projects such as access to water and utilities, local economic projects, construction and improvement of public and community infrastructure, technical and university scholarships amongst others.

The Corporation has strong corporate governance standards and procedures, which are aligned with best global practices and trends, and uses control mechanisms that protect shareholder's interests, respect and promote human rights, guarantee ethical behavior, integrity and transparency, ensure regulatory compliance and minimize risk.

For 2022 and beyond, the Corporation is committed to continue developing and maintaining a robust ESG strategy and, as such, is implementing a six-year plan with the following four priorities:

1. A cleaner energy future - deliver natural gas under the highest environmental and operational efficiency standards.
2. A safe and committed team - maintain best-in-class health and safety practices and promote a diverse and inclusive culture.
3. Transparent and ethical business - adopt best practices, incorporate governance, encourage respect for human rights and ensure ethics and integrity in everything Canacol does.
4. Sustainable development - promote and maintain close and transparent relationships that guarantee communities' growth and quality of life.

Outlook

To date, the Corporation has met the following objectives: 1) the drilling of nine of the total twelve exploration and development wells with the last three wells to be drilled in Q4 2022; 2) the acquisition of 470 square kilometers of 3D seismic on the Corporation's VIM-5 block to expand its exploration prospect inventory; 3) the purchase of rental facilities equipment and the installation of gas compression to lower operating expenses and increase recovery factors, respectively; 4) the selection of Shanghai Engineering and Technology Corp. ("SETCO") to construct a pipeline from Jobo to Medellin, Colombia which will add 100 MMscfpd (with expansion potential up to 200 MMscfpd) of new gas sales to the interior in late 2024, resulting in Canacol being responsible for 30% (up to 40%) of Colombia's domestic gas supply; 5) the return of capital to shareholders in the form of dividends and common share buybacks. The Corporation also continues to focus on its ESG strategy to achieve scope 1 and 2 GHG emissions intensities that are at least 50% lower on average than its gas focused peers (and 80% lower on average than oil focused peers) in North and South America. The Corporation will continue to execute on these objectives for the remainder of 2022 and into 2023.

FINANCIAL & OPERATING HIGHLIGHTS

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

Financial	Three months ended September 30, 2022	2021	Change	Nine months ended September 30, 2022	2021	Change
Total natural gas, LNG and crude oil revenues, net of royalties and transportation expense	**78,104**	72,802	7%	**229,793**	198,589	16%
Adjusted EBITDAX[1]	**56,015**	53,836	4%	**160,847**	145,190	11%
Adjusted Funds from operations[1]	**38,715**	38,227	1%	**111,617**	110,156	1%
Per share – basic ($)[1]	**0.23**	0.22	5%	**0.65**	0.62	5%
Per share – diluted ($)[1]	**0.23**	0.22	5%	**0.65**	0.62	5%
Cash flow provided (used) by operating activities	**61,994**	57,046	9%	**135,395**	94,933	43%
Per share – basic ($)	**0.36**	0.32	13%	**0.79**	0.53	49%
Per share – diluted ($)	**0.36**	0.32	13%	**0.79**	0.53	49%
Net income (loss) and comprehensive income (loss)	**(4,463)**	8,790	n/a	**13,550**	8,153	66%
Per share – basic ($)	**(0.03)**	0.05	n/a	**0.08**	0.05	60%
Per share – diluted ($)	**(0.03)**	0.05	n/a	**0.08**	0.05	60%
Weighted average shares outstanding – basic	**170,785**	177,245	(4%)	**171,359**	178,675	(4%)
Capital expenditures, net of dispositions	**50,130**	24,177	107%	**123,246**	78,384	57%
				Sep 30, 2022	Dec 31, 2021	Change
Cash and cash equivalents				**92,493**	138,523	(33%)
Working capital surplus				**75,325**	148,124	(49%)
Total debt				**552,041**	557,709	(1%)
Total assets				**876,444**	843,760	4%
Common shares, end of period (000's)				**170,772**	176,167	(3%)

Operating	Three months ended September 30, 2022	2021	Change	Nine months ended September 30, 2022	2021	Change
Production[1]						
Natural gas and LNG (MMscfpd)	**186,695**	192,402	(3%)	**186,808**	181,712	3%
Colombia oil (bopd)	**544**	394	38%	**515**	305	69%
Total (boepd)	**33,298**	34,149	(2%)	**33,288**	32,184	3%
Realized contractual sales[1]						
Natural gas and LNG (MMscfpd)	**184,163**	190,553	(3%)	**184,655**	179,931	3%
Colombia oil (bopd)	**558**	168	232%	**512**	227	126%
Total (boepd)	**32,867**	33,598	(2%)	**32,908**	31,794	4%
Operating netbacks[1]						
Natural gas and LNG ($/Mcf)	**3.73**	3.49	7%	**3.66**	3.34	10%
Colombia oil ($/bopd)	**27.48**	30.93	(11%)	**23.98**	33.21	(28%)
Corporate ($/boe)	**21.31**	19.96	7%	**20.89**	19.13	9%

(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's has filed its interim condensed consolidated financial statements and related MD&A as at and for the three and nine months ended September 30, 2022 with Canadian securities regulatory authorities. These filings are available for review on SEDAR at www.sedar.com.

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 and 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, settlement of a litigation settlement liability and decommissioning obligation expenditures. The Corporation considers 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.*

For further information please contact:

Investor Relations

South America: +571.621.1747 *IR-SA@canacolenergy.com*

Global: +1.403.561.1648 *IR-GLOBAL@canacolenergy.com*

http://www.canacolenergy.com