



Canacol Energy Ltd. Tests 35.5 MMSCFPD at Aguas Vivas 1, Spuds First of Two Appraisal Wells and Announces Dividend of CAD \$0.052 per Share

CALGARY, ALBERTA (June 21, 2021) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE) (OTCQX:CNNEF) (BVC:CNEC) is pleased to provide the following update concerning its Aguas Vivas 1 exploration well and the near term appraisal drilling program. The Corporation also provides information on its dividend program.

Aguas Vivas 1 Exploration Well Tests 35.5 MMSCFPD

As earlier reported, the Aguas Vivas 1 exploration well encountered 412 feet true vertical depth ("ft TVD") of net gas pay within the Cienaga de Oro ("CDO") sandstone reservoir, the thickest net gas pay ever encountered by the Corporation in its history.

The CDO sandstone reservoir was perforated across an interval of 145 ft TVD and drill stem tested. The well flowed at a final rate of 35.5 million standard cubic feet per day ("MMscfpd") with a flowing wellhead pressure of 1013 psi and no water after a 22 hour test period. The average flow rate achieved during the recorded test period was 17.2 MMscfpd. The well has been tied into the Jobo gas treatment facility and is on permanent production.

Aguas Vivas 2 Spuds, Aguas Vivas 3 To Be Drilled Back-To-Back

The Aguas Vivas 2 appraisal well was spud on June 12, 2021 and is targeting a planned total depth of approximately 8,419 ft MD within the CDO sandstone reservoir, the primary target of the well. Upon completion of the drilling operations, the Aguas Vivas 2 appraisal well will be cased and completed and the rig will be used to immediately spud the Aguas Vivas 3 appraisal well.

The Corporation will provide an update on drilling and testing results as they become available.

Announces Dividend of CAD\$0.052 per Share

The Corporation announced that it has declared a dividend of CAD\$.052 per share, payable on July 15, 2021, to shareholders of record at the close of business on June 30, 2021. The ex-dividend date for all shareholders is June 29, 2021. This dividend qualifies as an 'eligible dividend' for Canadian income tax purposes. The declaration, timing, amount and payment of future dividends remain at the discretion of the Board of Directors.

Dividends on shares traded on the Toronto Stock Exchange ("TSX") will be paid in Canadian Dollars ("CAD") on July 15, 2021.

For shareholders trading on the Colombia Stock Exchange ("BVC"), the Colombian peso equivalency shall be calculated based on the exchange rate as certified by the Banco de la Republica ("Central Bank") on the date of monetization and will be published accordingly on the SIMEV website www.superfinanciera.gov.co

Shares traded on the Toronto Stock Exchange

Form NR301 will be mailed to Registered non-resident shareholders as at the dividend record date, by Olympia Trust Company, Canacol's transfer agent. In order to receive the preferred treaty rate, you must complete and mail back the form as soon as possible. Failure to supply a completed NR301 form will result in Olympia withholding the statutory 25% withholding tax rate on any payments to Registered non-resident shareholders. If you have previously completed Form NR301, you do not need to complete a new form.



Instructions on how to correctly complete the NR301 are on the back of the form. Shareholders who hold their shares through a broker should contact their broker directly. They do not need to return a form to Olympia.

Shares traded on the Colombia Stock Exchange

Dividend payments will be subject to withholding at the Canadian statutory rate of 25%. Shareholders who are entitled to a reduced withholding tax rate under a tax treaty should contact their broker or nominee to submit Form NR301 (English version). Brokers should submit Form NR301 on behalf of their shareholders to Deposito Centralizado de Valores ("Deceval") as soon as possible. If you have previously completed Form NR301, you do not need to complete a new form.

Form NR301 can be downloaded at:

<https://www.canada.ca/content/dam/cra-arc/formspubs/pbg/nr301/nr301-13e.pdf>

For information purposes, a Spanish version of Form NR301 can be downloaded at:

<http://canacolenergy.co/es/investors/stocks-dividends/dividend-forms/>

The content contained herein is not tax advice. Do not use or otherwise rely upon any of the content without first seeking independent tax advice.

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.

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.

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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