# CANACOL ENERGY LTD.

## ANNUAL INFORMATION FORM
## YEAR ENDED DECEMBER 31, 2021

## DATED: MARCH 16, 2022

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## SCHEDULES

## CERTAIN DEFINITIONS

In this Annual Information Form, the following abbreviations and terms shall have the meanings set forth below, unless the context otherwise requires:

**Selected Defined Terms**

"**2018 Credit Facility**" means the $30 million secured term loan with a major bank, which was amended in June, 2020. The term loan, as amended, was due June 30, 2023, with interest payable quarterly and principal repayable in seven equal quarterly instalments starting December 31, 2021. The term loan bore interest at a rate of LIBOR plus 4.25% per annum and was secured by the Corporation's Jobo 2 natural gas processing facility. The Corporation used a portion of the net proceeds from the offering of the 2021 Senior Notes to repay the 2018 Credit Facility;

"**2018 Senior Notes**" means the $320 million aggregate principal amount of 7.25% senior notes with a final maturity date of May 3, 2025 issued by the Corporation on May 3, 2018 pursuant to the 2018 Senior Note Indenture. The Corporation used a portion of the net proceeds from the offering of the 2021 Senior Notes to finance the purchase of the 2018 Senior Notes pursuant to the Tender Offer;

"**2018 Senior Note Indenture**" means the trust indenture dated May 3, 2018 governing the terms of the 2018 Senior Notes;

"**2020 Bridge Loan**" means the $75 million senior unsecured bridge term loan with a syndicate of banks, which was amended in August, 2021. The bridge loan, as amended, bears interest at a rate of LIBOR plus 4.25% per annum and is due July 31, 2023. See "*Description of Capital Structure – Long-Term Debt – 2020 Bridge Loan"*;

"**2020 Revolving Credit Facility**" means the $46 million senior unsecured revolving credit facility with a syndicate of banks. The revolving credit facility bears interest at a rate of LIBOR plus 4.75% per annum and is due July 29, 2023. See also "*Description of Capital Structure – Long-Term Debt – 2020 Revolving Credit Facility*";

"**2021 Senior Notes**" means the $500 million aggregate principal amount of 5.75% senior notes with a final maturity date of November 24, 2028 issued by the Corporation on November 24, 2021 pursuant to the 2021 Senior Note Indenture. See also "*Description of Capital Structure – Long-Term Debt – 2021 Senior Notes"*;

"**2021 Senior Note Indenture**" means the trust indenture dated November 21, 2021 governing the terms of the 2021 Senior Notes;

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**ANH**" means Agencia Nacional de Hidrocarburos, or National Hydrocarbon Agency, an agency of the Colombian government;

"**ANLA**" means the Autoridad Nacional de Licencias Ambientales;

"**BGEC**" means Boury Global Energy Consultants Ltd., an independent petroleum engineering consulting firm;

"**BGEC Report**" means the report prepared by BGEC on February 17, 2022 entitled "Reserve Evaluation Report on Certain Properties owned by Canacol Energy Ltd. in Colombia" dated effective December 31, 2021;

"**Board of Directors**" means the board of directors of the Corporation, as constituted from time to time;

“**BVC**” means the Bolsa de Valores de Colombia, the principal stock exchange of Colombia;

“**Carrao**” means Carrao Energy Ltd.;

“**Carrao Acquisition**” means the acquisition of Carrao by the Corporation, completed on November 30, 2011, pursuant to which the Corporation acquired exploration assets located in the Llanos, Caguan, and Middle Magdalena basins of Colombia. Canacol acquired all of the issued and outstanding securities of Carrao;

“**Common Shares**” means common voting shares in the capital of Canacol as presently constituted;

“**ConocoPhillips Colombia**” means ConocoPhillips Colombia Ventures Ltd., a wholly-owned subsidiary of ConocoPhillips Company;

“**Corporation**” or “**Canacol**” means Canacol Energy Ltd., and, when used in the context of describing the Corporation’s assets and business, may include its subsidiaries and predecessors;

“**E&E Contract**” means an exploration and exploitation contract;

“**E&P Contract**” means an exploration and production contract;

“**Ecopetrol**” means Ecopetrol S.A., the national oil company of Colombia and formerly known as Empresa Colombiana de Petróleos;

“**Esperanza E&E Contract**” means the E&E Contract located in the Lower Magdalena Basin, Colombia, acquired pursuant to the Shona Acquisition, operated by the Corporation, and wherein the Corporation has a 100% working interest;

“**GAAP**” means generally accepted accounting principles for publicly accountable enterprises in Canada, which is currently in accordance with IFRS;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**LIBOR**” means the London Interbank Offered Rate;

“**NI 51-101**” means National Instrument 51-101 – *Standard of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators;

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations* of the Canadian Securities Administrators;

“**NI 52-110**” means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators;

“**OGX**” means OGX Petroleo E Gas S.A.;

“**Promigas**” means Promigas S.A. E.S.P.;

“**Rancho Hermoso**” means the field located in the Llanos Basin, operated by Canacol Energy Colombia S.A.S. by agreement with Ecopetrol;

“**Shareholder**” means a holder of record of one or more Common Shares;

“**Shona**” means Shona Energy Company, Inc.;

"**Shona Acquisition**" means the acquisition by the Corporation of all of the shares of Shona, a British Columbia company that had operations focused in Colombia;

"**SSJN-7 E&P Contract**" means the E&P Contract located in the Lower Magdalena Valley Basin, Colombia, operated by Canacol, wherein the Corporation has a 50% working interest;

"**Tender Offer**" has the meaning set forth under the heading "*General Development of the Business – Three-Year History – Period From January 1, 2021 to December 31, 2021*";

"**TSX**" means the Toronto Stock Exchange;

"**VIM 5 E&P Contract**" means the E&P Contract located in the Lower Magdalena Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VIM 19 E&P Contract**" means the E&P Contract located in the Lower Magdalena Basin, Colombia, operated by the Corporation, wherein the Corporation had a 100% working interest. The Corporation renounced the VIM E&P Contract during the year ended December 31, 2021;

"**VIM 21 E&P Contract**" means the E&P Contract located in the Lower Magdalena Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VIM 33 E&P Contact**" means the E&P Contract located in the Lower Magdalena Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VIM 44 E&P Contact**" means the E&P Contract located in the Lower Magdalena Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VMM 2 E&P Contract**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by ConocoPhillips, wherein the Corporation has a 20% working interest;

"**VMM 3 E&P Contract**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by ConocoPhillips, wherein the Corporation has a 20% working interest;

"**VMM 10-1 E&P Contact**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VMM 45 E&P Contract**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VMM 47 E&P Contract**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest;

"**VMM 49 E&P Contract**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest; and

"**VMM 53 E&P Contact**" means the E&P Contract located in the Middle Magdalena Valley Basin, Colombia, operated by the Corporation, wherein the Corporation has a 100% working interest.

## Selected Technical Terms

"**abandonment and reclamation costs**" means all costs associated with the process of restoring a reporting issuer's property that has been disturbed by oil and gas activities to a standard imposed by applicable government or regulatory authorities;

"**associated gas**" means the gas cap overlying a crude oil accumulation in a reservoir;

"**conventional natural gas**" means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features;

"**crude oil**" means a mixture consisting mainly of pentanes and heavier hydrocarbons that exists in the liquid phase in reservoirs and remains liquid at atmospheric pressure and temperature. Crude oil may contain small amounts of sulphur and other non-hydrocarbons but does not include liquids obtained from the processing of natural gas;

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production but are shut-in and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems;

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retiring unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells;

"**exploration well**" means a well that is not a development well, a service well or a stratigraphic test well;

"**field**" means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impervious strata or laterally by local geologic barriers, or both. Reservoirs that are associated by being in overlapping or adjacent fields may be treated as a single or common operational field. The geological terms "structural feature" and "stratigraphic condition" are intended to denote localized geological features, in contrast to broader terms such as "basin", "trend", "province", "play" or "area of interest";

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future; and

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the reporting issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a);

"**future income tax expenses**" means expenses estimated (generally, year-by-year):

(a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;

(b) without deducting estimated future costs that are not deductible in computing taxable income;

(c) taking into account estimated tax credits and allowances; and

(d) applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated;

"**future net revenue**" means a forecast of revenue, estimated using forecast prices and costs or constant prices and costs, arising from the anticipated development and production of resources, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs;

"**gross**" means:

(a) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest;

"**heavy crude oil**" means crude oil with a relative density greater than 10° API gravity and less than or equal to 22.3° API gravity;

"**light crude oil**" means crude oil with a relative density greater than 31.1° API gravity;

"**medium crude oil**" means crude oil with a relative density that is greater than 22.3° API gravity and less than or equal to 31.1° API gravity;

"**natural gas**" means a naturally occurring mixture of hydrocarbon gases and other gases;

"**natural gas liquids**" or "**NGLs**" means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates;

"**net**" means:

(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interest in production or reserves;

(b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and

(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;

"**operating costs**", see "production costs";

"**possible reserves**" means those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"**production**" means the cumulative quantity of petroleum that has been recovered at a given date. Recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas;

"**production costs**" (or "**operating costs**") means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. Lifting costs become part of the cost of oil and gas produced. Examples of production costs are:

(a) costs of labour to operate the wells and related equipment and facilities;

(b) costs of repairs and maintenance;

(c) costs of materials, supplies and fuel consumed, and supplies utilized, in operating the wells and related equipment and facilities;

(d) costs of well services; and

(e) taxes, other than income and capital taxes;

"**property acquisition costs**" means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee; and

(c) brokers' fees, recording and registration fees, legal costs and other costs incurred in acquiring properties;

"**proved property**" means a property or part of a property to which reserves have been specifically attributed;

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates being "proved reserves", "probable reserves" and "possible reserves";

"**reservoir**" means a subsurface rock unit that contains an accumulation of petroleum;

"**resources**" means petroleum quantities that originally existed on or within the earth's crust in naturally occurring accumulations, including discovered and undiscovered (recoverable and unrecoverable) plus quantities already produced. Total resources is equivalent to total petroleum initially-in-place;

"**service well**" means a well drilled or completed for the purpose of supporting production in an existing field. Wells in this class are drilled for the following specific purposes: gas injection (natural gas, propane, butane or flue gas), water injection, steam injection, air injection, salt-water disposal, water supply for injection, observation, or injection for combustion;

"**solution gas**" means natural gas dissolved in crude oil;

"**stratigraphic test well**" means the drilling effort, geologically directed, to obtain information pertaining to a specific geologic condition. Ordinarily, such wells are drilled without the intention of being completed for hydrocarbon production. They include wells for the purpose of core tests and all types of expendable holes related to hydrocarbon exploration. Stratigraphic test wells are classified as:

(a) "exploratory type" if not drilled into a proved property; or

(b) "development type", if drilled into a proved property. Development type stratigraphic wells are also referred to as "evaluation wells";

"**support equipment and facilities**" means equipment and facilities used in oil and gas activities, including seismic equipment, drilling equipment, construction and grading equipment, vehicles, repair shops, warehouses, supply points, camps, and division, district or field offices;

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status;

"**unproved property**" means a property or part of a property to which no reserves have been specifically attributed; and

"**working interest**" means the net interest held in an oil and natural gas property which normally bears its proportionate share of the costs of exploration, development and operations as well as any royalties or other production burdens.

## ABBREVIATIONS AND CONVERSION

In this Annual Information Form, the following abbreviations and terms have the meanings set forth below:

| Oil and Natural Gas Liquids | | Natural Gas | |
|---|---|---|---|
| bbl | barrel | Mcf | thousand cubic feet |
| Mbbl | one thousand barrels | MMcf | million cubic feet |
| MMbbl | one million barrels | Mscf | thousand standard cubic feet |
| bbl/d | barrels per day | Bcf | billion cubic feet |
| bopd | barrels of oil per day | Mcf/d | thousand cubic feet per day |
| NGL | natural gas liquids | MMcf/d | million cubic feet per day |
| LNG | liquefied natural gas | MMscf/d | million standard cubic feet per day |
| | | MMBTU | million British Thermal Units |
| | | MMBTU/d | million British Thermal Units per day |

| Other | |
|---|---|
| BOE or boe | barrel of oil equivalent is derived by converting natural gas to oil in the ratio of 5.7 Mcf of natural gas to one bbl of oil. A BOE conversion ratio of 5.7 Mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. 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 5.7:1, utilizing a conversion on a 5.7:1 basis may be misleading as an indication of value. In this Annual Information Form, the Corporation has expressed BOE using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Ministry of Mines and Energy of Colombia. |
| boe/d | barrels of oil equivalent per day |
| Mboe | one thousand barrels of oil equivalent |
| MMboe | one million barrels of oil equivalent |
| M | thousand |
| ft | feet |
| km | kilometre |
| $km^2$ | square kilometres |
| $m^3$ | cubic metre |
| API | American Petroleum Institute |
| ° API | an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil |
| $000s or M$ | thousands of dollars |
| WTI | West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade |
| kWh | kilowatt-hour |

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units):

| To convert from | To | Multiply by |
|---|---|---|
| BOE | Mcf | 5.7 |
| Mcf | $m^3$ | 28.174 |
| Mcf | MMBTU | 1.00423 |
| $m^3$ | cubic feet | 35.315 |
| bbl | $m^3$ | 0.159 |
| $m^3$ | bbl | 6.290 |
| ft | metres | 0.305 |
| metres | ft | 3.281 |
| miles | km | 1.609 |
| km | miles | 0.621 |
| acres | hectares | 0.405 |
| hectares | acres | 2.471 |

## INFORMATION

The information in this Annual Information Form is stated as at December 31, 2021, unless otherwise indicated. For an explanation of the capitalized terms and expression and certain defined terms, see "*Certain Definitions*" and "*Abbreviations and Conversion*". **Except as otherwise indicated, all dollar amounts in this Annual Information Form are expressed in United States dollars and references to $ are to United States dollars.** References to C$ are to Canadian dollars.

Colombian estimated future net revenue based on the BGEC Report is presented in United States dollars effective December 31, 2021.

## NON-GAAP TERMS

This AIF refers to certain financial measures that are not determined in accordance with GAAP. Since non-GAAP measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies, securities regulations require that non-GAAP measures are clearly defined, qualified and reconciled to their nearest GAAP measure. Except as otherwise indicated, these non-GAAP measures are calculated and disclosed on a consistent basis from period to period. Specific adjusting items may only be relevant in certain periods.

The intent of non-GAAP measures is to provide additional useful information with respect to Canacol's operational and financial performance to investors and analysts though the measures do not have any standardized meaning under IFRS. The measures should not, therefore, be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate these non-GAAP measures differently.

In particular, the term "netback" is used in this Annual Information Form and readers should be cautioned that netback is not defined by GAAP and may not be comparable to similar measures presented by other companies. Management believes this is a useful metric in providing a comparison of relative overall performance between companies as it is a common metric used by other companies operating in the oil and gas industry. Management uses this metric to assess the Corporation's overall performance relative to that of its competitors and for internal planning purposes.

"**Netback**" is a non-GAAP financial measure and is calculated as revenues net of royalties, less transportation and processing charges and operating expenses and then divided by BOE or Mcf sold.

For more information with respect to financial measures which have not been defined by GAAP, including reconciliations to the closest comparable GAAP measure, see the "Non–IFRS Measures" section of the Corporation's management discussion and analysis accompanying its most recent audited annual financial statements which are available on SEDAR.

## FORWARD LOOKING STATEMENTS

Certain information regarding the Corporation set forth in this Annual Information Form, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. The use of any of the words "plan", "expect", "forecast", "project", "intend", "believe", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur are intended to identify forward-looking statements. Such statements represent the Corporation's internal projections, estimates or beliefs concerning, among other things, future growth, results of operations, production, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, plans for and results of drilling activity, environmental matters, business prospects and opportunities. These statements are only predictions and actual events or results may differ materially. Although management of the Corporation believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity, performance or achievement since such expectations are inherently subject to significant business, economic, operational, competitive, political and social uncertainties and contingencies. Many factors could cause the Corporation's actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Corporation.

In particular, forward-looking statements included in this Annual Information Form include, but are not limited to, statements with respect to: the size of, and future net revenues from, oil and gas reserves; the performance characteristics of the Corporation's oil and gas properties; supply and demand for oil and natural gas; drilling plans, including the anticipated timing thereof; treatment under governmental regulatory regimes and tax laws; financial and business prospects and financial outlook; results of operations; production, future costs, reserves and production estimates; activities to be undertaken in various areas including the fulfillment of exploration commitments; timing of drilling, completion and tie in of wells; access to facilities and infrastructure; timing of development of undeveloped reserves; planned capital expenditures, the timing thereof and the method of funding; the amount, if any, of dividends to be declared; financial condition, access to capital and overall strategy; the quantity of the Corporation's reserves; and the Corporation's expectations regarding its ability to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties.

Statements relating to "reserves" or "resources" are by their nature forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future. The recovery and reserve estimates of the Corporation's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

These forward-looking statements are subject to numerous risks and uncertainties, including but not limited to, the impact of general economic and political conditions in Colombia; industry conditions, including changes in laws and regulations including adoption of new environmental laws and regulations, and changes in how they are interpreted and enforced in Colombia; volatility in market prices for oil, NGL's and natural gas; imprecision in reserve and resource estimates; operational constraints due to debt; lack of availability of additional financing and farm-in or joint venture partners; competition; the results of exploration and development drilling and related activities; the impact of the COVID-19 pandemic and the ability of Canacol to carry on its operations as currently contemplated in light of the COVID-19 pandemic; lack of availability of qualified personnel; the Corporation's ability to recover reserves and resources; production rates and production decline rates; environmental risks; risks related to the ability of partners to fund capital work programs and other matters requiring partner approval; the production and growth potential of the Corporation's assets; obtaining required approvals of regulatory authorities in Colombia; risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities; risks associated with acquisitions and dispositions; fluctuations in foreign exchange or interest rates; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and natural gas industry; risk that the Corporation will not be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; the risks discussed herein under "*Risk Factors*"; and other factors, many of which are beyond the control of the Corporation. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

Although the forward-looking statements contained in this Annual Information Form are based upon assumptions which management of the Corporation believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this Annual Information Form, the Corporation has made assumptions regarding, but not limited to: current commodity prices and royalty regimes; the impact (and the duration thereof) that the COVID-19 pandemic will have on (a) the demand for conventional natural gas; (b) the supply chain, including the Corporation's ability to obtain the equipment and services it requires; and (c) the Corporation's ability to produce, transport and/or sell its conventional natural gas; availability of skilled labour; timing and amount of capital expenditures; uninterrupted access to infrastructure; future exchange rates; the price of oil, NGL's and natural gas; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; recoverability of reserves; royalty rates; future operating costs; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's oil and gas properties in the manner currently contemplated; current or, where applicable, proposed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the estimates of the Corporation's reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that the Corporation will be able to obtain contract extensions or fulfill the contractual obligations required to retain its rights to explore, develop and exploit any of its undeveloped properties; and other matters.

Forward-looking statements and other information contained herein concerning the oil and natural gas industry in the countries in which the Corporation operates and the Corporation's general expectations concerning this industry are based on estimates prepared by management of the Corporation using data from publicly available industry sources as well as from resource reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Corporation is not aware of any material misstatements regarding any industry data presented herein, the oil and natural gas industry involves numerous risks and uncertainties and is subject to change based on various factors.

The estimates of future production may be considered to be future-oriented financial information or a financial outlook for the purposes of applicable Canadian securities laws. Financial outlook and future-oriented financial information contained in this Annual Information Form about prospective financial performance, financial position or cash flows are based on assumptions about future events, including economic conditions and proposed courses of action, based on management's assessment of the relevant information currently available, and to become available in the future. In particular, this Annual Information Form contains projected operational information for 2022. These projections contain forward-looking statements and are based on a number of material assumptions and factors. Actual results may differ significantly from the projections presented herein. These projections may also be considered to contain future-oriented financial information or a financial outlook. The actual results of Canacol's operations for any period could vary from the amounts set forth in these projections, and such variations may be material. See above for a discussion of the risks that could cause actual results to vary. The future-oriented financial information and financial outlooks contained in this Annual Information Form have been approved by management as of the date of this Annual Information Form. Readers are cautioned that any such financial outlook and future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. Canacol and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, Canacol's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results.

Management of the Corporation has included the above summary of assumptions and risks related to forward-looking information provided in this Annual Information Form in order to provide Shareholders with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that the Corporation will derive therefrom. These forward-looking statements are made as of the date of this Annual Information Form and the Corporation disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

## NAME AND INCORPORATION

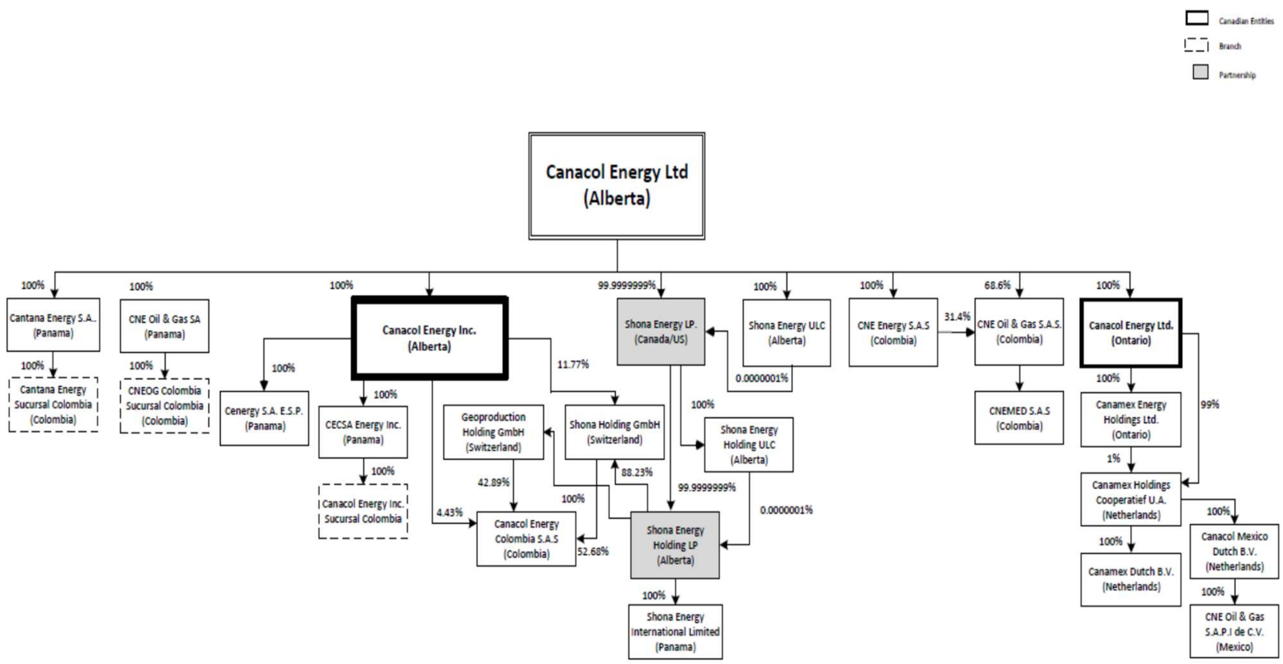
The Corporation was incorporated pursuant to the provisions of the *British Columbia Company Act* on July 20, 1970 and was continued under the ABCA on November 24, 2004. On February 12, 2009, the Corporation changed its name to "Canacol Energy Ltd."

The Corporation's head office is located at Suite 2000, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3. The Corporation has a material branch office in Bogotá, Colombia at Calle 113 No. 7-45 Torre B Oficina 1501. The registered office of the Corporation is located at 1000, 250 - 2nd Street S.W., Calgary, Alberta T2P 0C1.

The Corporation is a reporting issuer in each of the Provinces of Canada, other than Québec. The Common Shares are listed and posted for trading on the TSX under the trading symbol "CNE", on the BVC, the principal stock exchange of Colombia, under the symbol "CNEC", and on the OTCQX International Premier under the symbol "CNNEF".

## INTERCORPORATE RELATIONSHIPS

The following chart sets forth the Corporation's relationship with each material subsidiary of the Corporation and their respective jurisdictions of incorporation as at the date hereof.




## GENERAL DEVELOPMENT OF THE BUSINESS

Canacol is an international oil and gas company with operations focused onshore in Colombia. The Corporation is headquartered in Calgary, Alberta, Canada.

Since 2008, the Corporation has acquired interests in oil and gas properties located in Colombia, including: (i) the Carrao Acquisition, which included the VMM 2 and VMM 3 E&P Contracts in the Middle Magdalena basins; (ii) the Shona Acquisition, which included the Esperanza E&E Contract and the VIM 21 E&P Contract located in the Lower Magdalena Basin; (iii) the acquisition from OGX of the VIM 5 and VIM 19 E&P Contracts located in the Lower Magdalena Basin; (iv) the VIM 33 E&P Contract located in the Lower Magdalena Basin and the VMM 45 and VMM 49 E&P Contracts located in the Middle

Magdalena Valley Basin, each awarded in a bid round administered by the ANH in 2019; (v) the VIM 44 E&P Contract located in the Lower Magdalena Basin and the VMM 47 E&P Contract is located in the Middle Magdalena Valley Basin, each awarded in a bid round administered by the ANH in 2020; and (vi) the VMM 10-1 E&P Contract and the VMM 53 E&P Contract each located in the Middle Magdalena Valley Basin, each awarded in a bid round administered by the ANH in 2021.

During and after 2012, the Corporation has focused largely on developing and growing its natural gas business through its strategic acquisitions and exploration and development activities and, during the year ended December 31, 2018, the Corporation divested the majority of its conventional oil assets in Colombia to become a mainly Colombia focused, conventional gas exploration and production company. The Corporation is now the largest independent natural gas exploration and production company in Colombia.

**Three-Year History**

The following describes the development of Canacol's business and major transactions and events of the last three completed financial years, and activities that have or are expected to occur in the current financial year.

***Period From January 1, 2019 to December 31, 2019***

On July 25, 2019, the Corporation announced that the works associated with the expansion of the gas pipeline between its operated Jobo gas processing facility and Cartagena had been completed. These works included the laying of 85 km of 20 inch pipeline and the installation of additional compression, resulting in an increase of 100 MMscf/d of transportation capacity for the Corporation to its clients in Cartagena.

On August 26, 2019, the Corporation announced that it achieved a record 217 MMscf/d (38,070 boe/d) of natural gas sales on August 24, 2019. This level of sales was achieved in part via the completion of the pipeline expansion between the Corporation's gas processing facilities located at Jobo and the city of Cartagena at the end of July 2019. Average gas sales for the month of July 2019, prior to the completion of the pipeline expansion between Jobo and Cartagena, were approximately 122 MMscf/d. Average gas sales for the first 15 days of August 2019 were approximately 151 MMscf/d as the new pipeline expansion was gradually brought online to the gas sales level of 217 MMscf/d.

On October 10, 2019, the Corporation announced that it had changed its auditors from Deloitte LLP to KPMG LLP effective October 4, 2019.

On November 25, 2019, the Corporation announced that it had commenced the production and sale of LNG, the first such operation in Colombia.

On December 5, 2019, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on December 30, 2019, to Shareholders of record at the close of business on December 16, 2019.

On December 9, 2019, the Corporation announced that it had successfully secured a 100% operated working interest in three new conventional gas E&P Contracts (VIM 33, VMM 45 and VMM 49) in a bid round administered by the ANH.

On December 10, 2019, the Corporation announced that it had renewed its normal course issuer bid through the facilities of the TSX and/or alternative trading systems.

*Period From January 1, 2020 to December 31, 2020*

On March 19, 2020, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on April 15, 2020, to Shareholders of record at the close of business on March 31, 2020.

On March 20, 2020, the Corporation announced the appointment of Mr. Ari Merenstein to the Board of Directors.

On April 8, 2020, the Corporation announced that, in connection with the Corporation's previously announced normal course issuer bid, it had entered into an automatic share purchase plan with its designated broker.

On June 18, 2020, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on July 15, 2020, to Shareholders of record at the close of business on June 30, 2020.

On August 4, 2020, the Corporation announced that it had amended the terms of the 2018 Credit Facility and that it had entered into the 2020 Bridge Loan and the 2020 Revolving Credit Facility.

On September 18, 2020, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on October 15, 2020, to Shareholders of record at the close of business on September 30, 2020.

On November 11, 2020, the Corporation announced that Mr. Oswaldo Cisneros, non-executive director of Canacol since 2015, had passed away.

On November 30, 2020, the Corporation announced that the Corporation and Promigas executed a series of new ship or pay agreements to transport gas from Canacol's fields located in the departments of Cordoba and Sucre to Cartagena and Barranquilla using existing gas transportation networks. The new agreements entered into effect on December 1, 2020 and will average approximately 100 MMscf/d over a 10-year period. The new agreements replaced the previous agreements that were a subject of dispute between the parties.

On December 14, 2020, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on January 15, 2021, to Shareholders of record at the close of business on December 31, 2020.

On December 21, 2020, the Corporation announced that it had renewed its normal course issuer bid through the facilities of the TSX and/or alternative trading systems.

*Period From January 1, 2021 to December 31, 2021*

On February 12, 2021, the Corporation announced the appointment of Mr. Juan Argento to the Board of Directors.

On March 18, 2021, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on April 15, 2021, to Shareholders of record at the close of business on March 31, 2021.

On June 21, 2021, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on July 15, 2021, to Shareholders of record at the close of business on June 30, 2021.

On August 30, 2021, the Corporation announced the execution of a new long term take or pay gas sales contract with Empresas Publicas de Medellin E.S.P. ("**EPM**"). Under the terms of the contract, the Corporation will deliver gas to EPM in Medellin starting on December 1, 2024 with an initial minimum volume of approximately 21 MMscf/d escalating to approximately 54 MMscf/d on December 1, 2025, and remaining at this level until the sales contract expires on November 30, 2035. To deliver the gas a new 20 inch pipeline will be built between Canacol's gas treatment plant at Jobo to the city of Medellin located approximately 300 km to the south (the "**Medellin Pipeline**"). The Medellin Pipeline will have an initial transportation capacity of approximately 100 MMscf/d.

On August 30, 2021, the Corporation also announced that it had amended the terms of the 2020 Bridge Loan effective August 12, 2021 to extend both the term and the availability period on undrawn amounts to July 31, 2023.

On September 16, 2021, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on October 15, 2021, to Shareholders of record at the close of business on September 30, 2021.

On November 8, 2021, the Corporation announced the commencement of an offer by Credit Suisse Securities (USA) LLC (directly or through an affiliate) ("**Credit Suisse**") to purchase for cash any and all of the outstanding 2018 Senior Notes (the "**Tender Offer**").

On November 16, 2021, the Corporation announced the private offering of the 2021 Senior Notes in the aggregate principal amount of $500,000,000. The 2021 Senior Notes pay interest semi-annually at a rate of 5.75% per annum, and mature in 2028, unless earlier redeemed or repurchased in accordance with their terms. The 2021 Senior Notes are fully and unconditionally guaranteed by certain subsidiaries of Canacol. In connection with the 2021 Senior Notes offering, the Corporation entered into the Tender Offer with Credit Suisse to purchase any and all of the outstanding 2018 Senior Notes due to mature in 2025, which were subject to a 7.25% annual interest rate. The total consideration paid for each $1,000 principal amount of the 2018 Senior Notes was $1,065.85, totaling $21.1 million.

On November 24, 2021, the Corporation completed the private offering of the 2021 Senior Notes for the aggregate principal amount of $500,000,000. The Corporation used the net proceeds from the offering to: (i) finance the purchase of the 2018 Senior Notes by Credit Suisse pursuant to the Tender Offer; (ii) pay the fees and expenses of the Tender Offer; (iii) to refinance certain other existing indebtedness of the Corporation; and (iv) for general corporate purposes, including capital expenditures.

On December 14, 2021, the Corporation announced that it had declared a dividend of C$0.052 per Common Share, payable on January 17, 2021, to Shareholders of record at the close of business on December 30, 2021.

On December 21, 2021, the Corporation announced that it had renewed its normal course issuer bid through the facilities of the TSX and/or alternative trading systems.

Operational updates for the period ended December 31, 2021 include:

- On March 2, 2021, the Corporation announced that: (a) the Flauta 1 exploration well was completed in February 2021 and did not encounter commercial gas and was plugged and abandoned; and (b) the Oboe 2 development well was completed as a successful gas producing well and was tied into the Jobo gas processing facility.

- On April 14, 2021, the Corporation announced that: (a) the Cañahuate 4 development well encountered 72 ft true vertical depth of gas pay within the upper Cienega de Oro sandstone reservoir and will be tied in and on production by early May 2021; and (b) the Milano 1 exploration well did not encounter commercial gas and was plugged and abandoned.

- On May 6, 2021, the Corporation announced that the Nelson 9 development well encountered 52 ft true vertical depth of gas pay within the Porquero sandstone target, and will be tied in and on production by early May 2021.

- On June 3, 2021, the Corporation announced that the Aguas Vivas 1 exploration well was spud on May 23, 2021 and encountered 412 ft true vertical depth of net gas pay with an average porosity of 22% within the Cienega de Oro sandstone reservoir, the primary target. The gas column encountered within the Cienega de Oro sandstone reservoir was the thickest encountered by the Corporation in its history and marked a significant and important new gas discovery.

- On June 21, 2021, the Corporation announced that the Cienega de Oro sandstone reservoir at the Aguas Vivas 1 exploration well was perforated across an interval of 145 ft true vertical depth and drill stem tested. The well flowed at a final rate of 35.5 MMscf/d 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 MMscf/d. The well was tied into the Jobo gas treatment facility and is on permanent production.

- On August 2, 2021, the Corporation announced that the Aguas Vivas 2 appraisal well was spud on June 12, 2021 and encountered 229 ft true vertical depth of net gas pay with an average porosity of 24% within the Cienaga de Oro sandstone reservoir, thus confirming a significant gas discovery at Aguas Vivas.

- On September 2, 2021, the Corporation announced that the Aguas Vivas 3 appraisal well was spud on August 11, 2021 and encountered 378 ft true vertical depth of net gas pay with an average porosity of 22% within the Cienega de Oro sandstone reservoir, the primary target.

- On October 4, 2021, the Corporation announced that the San Marcos 1 well was spud on September 13, 2021 and encountered 105 ft true vertical depth of net gas pay with an average porosity of 21% within the primary Cienaga de Oro sandstone reservoir target.

- On November 4, 2021, the Corporation announced that it had drilled the Corneta-1 exploration well in October 2021, which was cased and suspended awaiting future completion and testing.

- On December 6, 2021, the Corporation announced that the Siku 1 exploration well was spud on November 12, 2021 and encountered 33 ft true vertical depth of net gas pay with an average porosity of 20% within the primary Cienaga de Oro sandstone reservoir target.

***Recent Developments***

On January 28, 2022, the Corporation announced that it purchased 5,307,700 Common Shares for C$3.15 per Common Share under its normal course issuer bid, relying on the block purchase exemption under the normal course issuer bid rules. The purchase was made from an arm's length third party via the TSX.

Operational updates subsequent to the period ended December 31, 2021 include:

- On January 4, 2022, the Corporation announced that the Clarinete 6 development well was spud on December 9, 2021 and encountered 174 ft true vertical depth of net gas pay with an average porosity of 22% within the primary Cienaga de Oro sandstone reservoir target. The Clarinete 6 well was tied into the Clarinete production manifold and has been placed on permanent production.

- On February 8, 2022, the Corporation announced that the Toronja 2 development well was spud on January 17, 2022 and encountered 29 ft true vertical depth of net gas pay with an average porosity of 28% within the primary Porquero sandstone reservoir target.

**Significant Acquisitions**

During the period ended December 31, 2021, the Corporation did not complete any significant acquisitions as defined in NI 51-102.

# DESCRIPTION OF THE BUSINESS

## General

The Corporation is the largest independent natural gas exploration and production company in Colombia. The Corporation is focused on the onshore exploration and production of conventional natural gas in the northern part of the country and the commercialization of natural gas in the two major markets: (a) the Caribbean market where all of its production is currently sold; and (b) the larger interior market, which includes the cities of Bogotá, Cali and Medellin, through the development of the Medellin Pipeline between the region where the Corporation's primary reserves are located and the city of Medellin.

The Corporation's asset portfolio encompasses production, development, appraisal and exploration properties. All of the Corporation's oil and gas operations are currently located in Colombia concentrated in the Llanos and Magdalena regions. The Corporation's core natural conventional gas exploration and production assets, the Esperanza E&E Contract and the VIM 5 and VIM 21 E&P Contracts, are located in the Lower Magdalena basin in northern Colombia. See also "*Description of the Business and Operations – Principal Properties and Operations*".

## Exploration and Development Strategy

The near-term exploration and development plan of the Corporation is to continue growing its production and reserves base through a combination of exploration, property development and acquisitions. To accomplish this, Canacol continues to pursue an integrated growth strategy including exploration and development drilling in its core areas of Colombia, farm-in opportunities, farm-out opportunities, further land acquisitions and swaps of property interests as well as the development of the Medellin Pipeline that will allow Canacol to transport natural gas from its fields to the city of Medellin in the interior of Colombia where the fields currently serving that region approach the end of their productive lives.

Additionally, potential asset and/or corporate acquisitions will be considered to further supplement the growth strategy of the Corporation. It is anticipated that any future acquisitions would be financed through a combination of cash flow and additional equity and/or debt. The Corporation will seek out, analyze and complete asset and/or corporate acquisitions where value creation opportunities have been identified that have the potential to increase Shareholder value and returns, taking into account the Corporation's financial position, taxability and access to debt and equity financing.

Management of the Corporation has industry experience in several producing areas in addition to the Corporation's geographic areas of interest and has the capability to expand the scope of the Corporation's activities as opportunities arise.

The Corporation is largely opportunity driven and will focus its expenditures in areas that provide the greatest economic return to the Corporation, recognizing that all drilling involves substantial risk and that a high degree of competition exists for prospects. No assurance can be given that drilling will prove successful in establishing commercially recoverable reserves. See "*Risk Factors – Risks Related to the Industry and the Business of Canacol*".

## Competitive Conditions

The oil and gas industry is highly competitive. The Corporation's position in the oil and gas industry, which includes the search for and development of new sources of supply, is particularly competitive. The Corporation's competitors include major, intermediate and junior oil and gas companies and other individual producers and operators, many of which have substantially greater financial and human resources and more developed and extensive infrastructure. The Corporation's larger competitors, by reason of their size and relative financial strength, can more easily access capital markets and may enjoy a competitive advantage in the recruitment of qualified personnel. They may be able to more easily absorb the burden of any changes in laws and regulations in the jurisdictions in which the Corporation does business, adversely affecting the Corporation's competitive position. The Corporation's competitors may be able to pay more for producing oil and gas properties and may be able to define, evaluate, bid for, and purchase a greater number of properties and prospects. Further, these companies may enjoy technological advantages and may be able to implement new technologies more rapidly. The Corporation's ability to acquire additional properties in the future will depend upon the Corporation's ability to conduct efficient operations, evaluate and select suitable properties, implement advanced technologies, and consummate transactions in a highly competitive environment. The oil and gas industry also competes with other industries in supplying energy, fuel and other needs of consumers.

**Cyclical Nature of Business**

The Corporation's business is generally not cyclical. The exploration and development of oil and natural gas reserves is dependent on access to areas where production is to be conducted. Seasonal weather variation, including rainy seasons, affects access in certain circumstances. See also "*Risk Factors – Risks Related to the Industry and the Business of Canacol*".

**Specialized Skill and Knowledge**

Operations in the oil and natural gas industry mean that Canacol requires professionals with skills and knowledge in diverse fields of expertise. In the course of its exploration, development and production of hydrocarbons, the Corporation utilizes the expertise of geophysicists, geologists and petroleum engineers. The Corporation faces the challenge of attracting and retaining sufficient employees to meet its needs. See also "*Risk Factors – Risks Related to the Industry and the Business of Canacol – Dependence on Key Personnel*".

**Employees**

As at December 31, 2021, the Corporation had approximately 406 full-time equivalent employees worldwide, of which 116 full-time employees are working in the exploration and production segment. In addition, the Corporation utilizes, as required from time to time, the services of professionals on a contract or consulting basis.

**Foreign Operations**

The Corporation's oil and gas operations and assets are located in a foreign jurisdiction. As a result, the Corporation is subject to political, economic and other uncertainties, including but not limited to changes, sometimes frequent, in energy policies or the personnel administering them, nationalization, expropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, royalty and tax increases, and other risks arising out of foreign governmental sovereignty over the areas in which the Corporation's operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrections. Changes in legislation may affect the Corporation's oil and natural gas exploration and production activities. The Corporation's international operations may also be adversely affected by laws and policies of Canada as they pertain to foreign trade, taxation and investment. See "*Risk Factors*".

**Environmental Protection and Trends in Environmental Regulation**

The Corporation and others in the oil and gas industry are subject to various levels of government regulation relating to the protection of the environment in the countries in which it operates. The Corporation believes that its operations comply in all material respects with applicable environmental laws.

Environmental legislation imposes, among other things, restrictions, liabilities and obligations in connection with the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances to the environment. As well, environmental laws regulate the qualities and compositions of the products sold and imported. Environmental legislation also requires that wells, facility sites and other properties associated with the Corporation's operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. In addition, certain types of operations, including exploration and development projects and significant changes to certain existing projects, may require the submission and approval of environmental impact assessments. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties and liability for clean-up costs and damages.

Historically, environmental protection requirements have not had a significant financial or operational effect on the Corporation's capital expenditures, earnings or competitive position. Environmental requirements did not have a significant effect on such matters in fiscal 2021; however, as the trend towards stricter standards in environmental legislation and regulation continue, the Corporation anticipates increased capital and operating expenditures as a result. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities, or otherwise adversely affect the Corporation's financial condition, capital expenditures, results of operations, competitive position or prospects. See "*Risk Factors*".

**Environment, Health and Safety Policies**

The Corporation's main environmental strategies include the preparation of comprehensive environmental impact assessments and assembling project-specific environmental management plans. Canacol encourages local community engagement in environmental planning in order to create a positive relationship between the gas business and existing local industries. The Corporation's practice is to do all that it reasonably can to ensure that it remains in material compliance with environmental protection legislation. Canacol is committed to meeting its responsibilities to protect the environment wherever it operates and will take such steps as required to ensure compliance with environmental legislation. Monitoring and reporting programs for environment, health and safety ("**EH&S**") performance in day-to-day operations, as well as inspections and assessments, are designed to provide assurance that environmental and regulatory standards are met. The Corporation maintains an active comprehensive integrity monitoring and management program for its facilities, storage tanks and pipelines. Contingency plans are in place for a timely response to an environmental event and abandonment, remediation and reclamation programs are in place and utilized to restore the environment. The Corporation also performs a detailed due diligence review as part of its acquisition process to determine whether the assets to be acquired are in regulatory and environmental compliance and assess any liabilities with respect thereto. Management is responsible for reviewing the Corporation's internal control and its EH&S strategies and policies, including the Corporation's emergency response plan. Management reports to the Board of Directors through the Environmental, Social & Governance ("**ESG**") Committee with respect to EH&S matters.

Canacol is committed to explore and produce the natural gas needed to improve the quality of life for millions of Colombians in a safe, efficient, and cost-effective way. In line with this commitment, in 2021 the Corporation developed a six-year ESG strategy to properly identify emerging risks and build resilience while capitalizing on opportunities for long-term value creation. The strategy embraces four priorities:

- *A cleaner energy future*: deliver natural gas under the highest environmental and operational efficiency standards.
- *A safe and committed team*: maintain best-in-class health and safety practices and promote a diverse and inclusive culture.
- *A transparent and ethical business*: adopt the best practices, encourage respect for human rights, and ensure ethics and integrity in everything Canacol does.
- *A society guided by sustainable development*: promote and maintain close and transparent relationships that guarantee Canacol's nearby communities' growth and quality of life.

In 2021, the Corporation met 100% of its ESG goals set for the year. The ESG Committee assisted the Board in fulfilling its oversight responsibilities with respect to the Corporation's climate management, cybersecurity commitment, and social initiatives. Consistent with this function, the ESG Committee served as an independent party to monitor the integrity and fulfillment of Canacol's ESG strategy. The Corporation also performed a detailed review and update of its ESG policies, procedures, and management systems including an Health, Safety, Environment and Quality (HSEQ) Policy, Human Rights Commitment and Due Diligence, as well as a Cybersecurity Statement.

***2021 ESG Highlights***

*A cleaner energy future*

- The Corporation established 10 conservation agreements and seven communities' environmental projects with local stakeholders, to strengthen the protection of biodiversity in Córdoba and Sucre departments.

- The Corporation created a management committee to define and implement a low carbon strategy that includes reduction and compensation initiatives for the following 20 years.

- No water stresses were identified in regions where the Corporation operated.

- The Corporation continuously evaluated and coordinated electric loads to significantly improve energy and carbon emissions efficiency. Most of the energy used for Canacol's operations comes from self-produced natural gas.

*A safe and committed team*

- Canacol's Lost Time Injury Frequency Rate (LTIFR: 0.9) for employees and contractors was 72% better than the target (3.16).

- The Corporation's most recent efforts focused on increasing diversity and inclusiveness in the work environment including: (1) the establishment of a Diversity and Inclusion Corporate Policy and Committee; (2) the launch of a Diversity and Inclusion online course; and (3) the implementation of a Gender Equality Management System to identify and eliminate gender gaps.

- Canacol, set the pace, with women making up 35% of the workforce, +8% better than Colombia's female average workforce in the petroleum industry.

*A transparent and ethical business*

- During 2021, Canacol had no human rights violations and developed a due diligence process to proactively identify and assess potential impacts and risks relating to human rights.

- The Corporation had zero reported cases of corruption and no reports of breaches of its Code of Conduct and Ethics.

- Canacol updated its group-wide ethics and compliance system including anti-competitive practices.

- The Corporation created a director retirement policy.

- The Board approved a majority voting policy in director elections that will apply at any meeting of Shareholders where an uncontested election of directors is held.

- Canacol created an Information Security Management System based on the ISO 27001 to guarantee the protection of its information. The Corporation has zero-tolerance for any form of illegal behavior relating to the Corporation's information and data security.

- The Corporation adopted a formal Board evaluation process conducted by external consultants to perform an assessment of the Board, its committees, and individual Board members every 12 months.

*A society guided by sustainable development*

- Canacol created opportunities through local employment and development by going above and beyond regulatory requirements. 60% of Canacol's skilled labor and 100% of Canacol's unskilled labor were hired locally. Canacol purchased 95.1% of all goods and services locally, regionally, and nationally, representing an economic stimulus of $151 million.

- The Corporation designed a supplier code of conduct which includes the basic commitments Canacol requires from its suppliers and contractors, including environmental standards, human rights, working conditions, business ethics, among others.

- Canacol implemented more than 60 social projects that have benefited over 25,000 community members across 13 municipalities. The Corporation executed the second phase of its gas massification project, which has already benefited 1,200 people.

***ESG Ratings Performance***

A year after the implementation of Canacol's six-year ESG strategy, the Corporation achieved excellent improvement in the ratings prioritized by its stakeholders. This highlights the exceptional performance of the Corporation in compliance with it ESG strategy, corporate objectives, and proposed sustainability goals.

- *MSCI ESG Rating*: Canacol upgraded to 'BBB' from 'BB', increasing in performance, management, and practices score.

- *Sustainalytics ESG Risk*: The largest overall improvement in Canacol's performance was in the Sustainalytics ESG risk, improving the Corporation's score from 49.4 to 27.8 – ranked 11th overall in the Oil and Gas Exploration and Production sector.

- *Corporate Sustainability Assessment*: Year-on-year improvement with a strong performance in environmental and social dimensions, achieving an increase of 5 points in the score (62 points overall score).

- *Refinitiv*: The Corporation upgraded its score from C+ to B- based on pillars of environmental (emissions and resources use), social (workforce, human rights, and community scores) and governance (management and shareholder scores). Canacol obtained the best score in the O&G industry in Colombia.

- *ISS ESG Corporate Rating*: Canacol received its first definitive scores in the ISS ESG Corporate Rating scoring a respectable C+ in 2021.

- *CDP Climate Change*: B- score for the Corporation's effort to fight climate change. Canacol rated the best O&G company in Colombia.

***2022 ESG Outlook***

During the first half of 2022, the Corporation plans to announce its short- and medium-term carbon emission reduction targets, with a projected timeline for achieving net-zero emissions. In the meantime, Canacol will attempt to continue achieving scope 1 and 2 greenhouse gas ("**GHG**") emissions intensities that are at least 40% lower on average than its gas focused peers (and 90% lower on average than oil focused peers) in North and South America.

Canacol's 2022 initiatives to continue the reduction of GHG emissions intensity include:

- Continued progress transitioning from liquid fuels for power generation, internal combustion engine transportation, and rig prime-movers by replacing them with natural gas and renewable energy sources including solar.

- Continued monitoring and elimination of fugitive emissions and venting with an ambition to maintain the significant milestone achieved in 2021, where zero potential leaks were identified with periodic thermal imaging and onsite inspections.

Other relevant ESG milestones for 2022 include: (1) 5% reduction in the annual goals set for health and safety performance; (2) achieve the Equipares Silver certification issued by the Colombian Ministry of Labor in collaboration with the United Nations Development Program, supporting the Corporation's commitment to promote gender equality; and (3) strengthen ESG commitments within the Corporation's supply chain with increasing requirements for suppliers and contractors to comply with Canacol's enhanced ESG standards.

## PRINCIPAL PROPERTIES AND OPERATIONS

The following is a description of the Corporation's principal oil and gas properties and operations as at December 31, 2021.

### Colombia

In Colombia, the ANH is the administrator of the hydrocarbons in the country and therefore is responsible for regulating the Colombian oil and gas industry, including managing all exploration lands. The ANH uses an exploration risk contract, or the E&P Contract, which provides full risk/reward benefits for the contractor. Under the terms of this contract, the successful operator retains the rights to all reserves, production and income from any new exploration block, subject to existing royalty and tax regulations. Each contract contains an exploration phase and a production phase. The exploration phase contains a number of exploration periods and each period has an associated work commitment. The production phase lasts a number of years (usually 24) from the declaration of a commercial hydrocarbon discovery.

When operating under a contract, the contractor is the owner of the hydrocarbons extracted from the contract area during the performance of operations, except for royalty volumes which are collected by the ANH (or its designee). The contractor can market the hydrocarbons in any manner whatsoever, subject to a limitation in the case of natural emergencies where the law specifies the manner of sale.

The following summary chart sets out general information regarding the Corporation's Colombian oil and gas properties and operations as at December 31, 2021. The average daily production of the Corporation's operated blocks in Colombia for the year ended December 31, 2021 was 32,364 boe/d.

| | Asset | Oil/Gas | Type | Status | Gross Acres | Net Acres | Canacol Working Interest % | Partner(s) | Contract Type |
|---|---|---|---|---|---|---|---|---|---|
| | | | | **Lower Magdalena Basin** | | | | | |
| 1 | VIM 5 | Gas | Conventional | Exploration | 343,987 | 343,987 | 100% | | ANH |
| 2 | VIM 21 | Gas | Conventional | Exploration | 51,107 | 51,107 | 100% | | ANH |
| 3 | VIM 33 | Gas | Conventional | Exploration | 155,310 | 155,310 | 100% | | ANH |
| 4 | Esperanza | Gas | Conventional | Production | 20,022 | 20,022 | 100% | | ANH |
| 5 | SSJN-7 | Gas | Conventional | Exploration | 670,226 | 335,113 | 50% | ONGC Videsh Ltd. (50%) | ANH |
| 6 | VIM-44 | Gas | Conventional | Exploration | 8,273 | 8,273 | 100% | | ANH |
| | | | | **Middle Magdalena Valley Basin** | | | | | |
| 7 | VMM 2 | Oil | Unconventional | Exploration | 73,056 | 14,611 | 20% | ConocoPhillips (80% operator) | ANH |

| | Asset | Oil/Gas | Type | Status | Gross Acres | Net Acres | Canacol Working Interest % | Partner(s) | Contract Type |
|---|---|---|---|---|---|---|---|---|---|
| 8 | VMM 3 | Oil | Unconventional | Exploration | 83,311 | 16,662 | 20% | ConocoPhillips (80% operator) | ANH |
| 9 | VMM 10-1 | Gas | Conventional | Exploration | 235,580 | 235,580 | 100% | | ANH |
| 10 | VMM 45 | Gas | Conventional | Exploration | 12,422 | 12,422 | 100% | | ANH |
| 11 | VMM 47 | Gas | Conventional | Exploration | 86,143 | 86,143 | 100% | | ANH |
| 12 | VMM 49 | Gas | Conventional | Exploration | 148,244 | 148,244 | 100% | | ANH |
| 13 | VMM 53 | Gas | Conventional | Exploration | 128,592 | 128,592 | 100% | | ANH |
| | | | | **Llanos Basin** | | | | | |
| 14 | Rancho Hermoso[(1)] | Oil | Conventional | Production | 10,238 | 10,238 | 30% | Ecopetrol | Ecopetrol |
| | **Total** | | | | **2,026,511** | **1,566,304** | | | |

**Note:**

(1) On December 2, 2021, the Corporation, through a wholly-owned subsidiary, signed an Operation and Maintenance Contract with Hocol S.A. (a subsidiary of Ecopetrol) whereby the Corporation assigned ownership of the Rancho Hermoso-11 and Rancho Hermoso-16 wells to Hocol S.A., and the Corporation will continue to operate the wells under a set tariff price of $17.36 per gross boe produced from the wells.

The following is a description of the Corporation's material Colombian oil and gas properties and operations as at December 31, 2021.

***Lower Magdalena Basin***

The majority of the Corporation's highly prospective acreage position is in the Lower Magdalena Valley Basin situated in the northwestern part of Colombia. The Lower Magdalena Valley Basin is a fore-arc basin related to the convergence of the Pacific and South American crustal plates with associated subduction and strike-slip deformation. The basin is underlain by continental crust and bounded to the west by the Sinu-San Jacinto accretionary prism. The primary reservoir in the basin consists of thick continental to marginal marine clastics of the Eocene to Lower Miocene-aged Cienaga de Oro Formation deposited in an active trans-tensional setting directly on basement. Regionally, the Cienaga de Oro is overlain by thick marine shales of the Porquero Formation, which provide an excellent top seal lithology. Low-stand shoreface sands are present in the marine shale sequence, and represent a secondary shallower reservoir target with significant potential in the Porquero. Across the basin, the source of the predominantly dry gas is generally ascribed to source rocks in the Porquero shale and Cienaga de Oro coals.

*VIM 5 E&P Contract*

The Corporation obtained its working interest in the VIM 5 E&P Contract through the acquisition of this block from OGX. The Corporation, through its wholly owned subsidiary, CNE Oil & Gas S.A.S., owns a 100% working interest in the VIM 5 block located in the Departments of Sucre and Cordoba.

This block is currently in the first phase of an extended subsequent exploratory period (PEP-1) which ends on October 13, 2022. The initial commitment for this phase was fulfilled in advance with the drilling of the Gaiteros-1 A3 well. Additional commitments to this phase transferred from Esperanza E&E Contract and VIM 19 E&P Contract include the fulfilled Corneta-1 A3 well, and the pending commitments of one A3 well and the acquisition of 468.6 $km^2$ of 3D seismic. On October 14, 2022, the second phase of the subsequent exploration period (PEP-2) will start with a duration of 18 months and an exploratory commitment of drilling one A3 well. This commitment has also been fulfilled in advance with the drilling of the Porro Norte-1 well and its accreditation has been approved by the ANH.

The VIM 5 block contains two producing gas fields (Clarinete and Acordeón-Ocarina) and one evaluation area (Pandereta) operated under a contract with the ANH and produces dry natural gas for sale to local customers under long-term contracts. The most significant field is Clarinete. The average daily production of VIM 5 block for the three months and year ended on December 31, 2021 was 14,515 boe/d and 17,246 boe/d, respectively.

*VIM 21 E&P Contract*

The Corporation, through its wholly-owned subsidiary Canacol Energy Colombia S.A.S., holds a 100% working interest in the VIM 21 E&P Contract which it acquired pursuant to the Shona Acquisition. The VIM 21 E&P Contract is located in the Departments of Sucre and Cordoba covering a total area of 51,107 acres and is adjacent to Esperanza E&E Contract and VIM 5 E&P Contract. The VIM 21 E&P Contract is currently in phase 2 of the exploration period which ends on June 12, 2022. Commitments for this phase were fulfilled with the drilling of Arandala-1, Fresa-1 and Aguas Vivas-1 A3 wells.

The VIM 21 block contains one producing gas field (Toronja) and two evaluation areas (Breva and Aguas Vivas) operated under a contract with the ANH and produces dry natural gas for sale to local customers under long-term contracts. The average daily production of the VIM 21 block for the three months and year ended December 31, 2021 was 8,576 boe/d and 4,447 boe/d, respectively.

*VIM 33 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VIM 33 E&P Contract, which was awarded to the Corporation in a bid round (Proceso Permanente de Asignación de Areas Ciclo 2) administered by the ANH in 2019. The VIM 33 E&P Contract is located in the Lower Magdalena Basin covering a total area of 155,310 acres. The Corporation has committed to an exploratory work program, which includes 62 $km^2$ of 3D seismic and one A3 exploration well over a three-year phase (phase 1). Once phase 1 is complete, the Corporation has the option to extend the exploratory work program by an additional three years (phase 2) on the VIM 33 E&P Contract.

*VIM 44 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VIM 44 E&P Contract, which was awarded to the Corporation in an ANH bid round (Proceso Permanente de Asignación de Areas Ciclo 3, PPAA # 3) administered by the ANH in 2020. The VIM 44 E&P Contract is located in the Lower Magdalena Basin covering a total area of 8,273 acres. The Corporation has committed to an exploratory work program, which includes 37.5 km of 2D seismic acquisition and 30 $km^2$ of 3D seismic reprocessing over a three-year phase (phase 1). Once phase 1 is complete, the Corporation has the option to extend the exploratory work program by an additional three years (phase 2) within VIM 44 E&P Contract. The current phase of this contract is the preliminary phase prior to exploratory phase 1.

*Esperanza E&E Contract*

The Corporation obtained its working interest in the Esperanza E&E Contract through the Shona Acquisition. The Corporation, through its wholly-owned subsidiary, Canacol Energy Colombia S.A.S., owns a 100% working interest in the Esperanza block located in the Department of Cordoba in the Lower Magdalena Basin of Colombia.

The Esperanza block contains producing gas fields and one evaluation area (Cañahuate) operated under a contract with the ANH and produces dry natural gas for sale to local customers under long-term contracts. The most significant field is Nelson where the majority of the gas reserves are located. The average daily production of the Esperanza block for the three months and year ended December 31, 2021 was 9,567 boe/d and 10,384 boe/d, respectively.

The Esperanza E&E Contract is currently in the exploitation period upon the completion of the last of its exploratory phase on December 4, 2021.

*SSJN-7 E&P Contract*

On April 25, 2017, the Corporation announced that it had purchased a 50% operated interest in the SSJN-7 E&P Contract from Pacific Exploration and Production in consideration for the assumption of contractual exploration obligations to the ANH. ONGC Videsh Ltd. holds the remaining 50% working interest in the SSJN-7 E&P Contract.

The SSJN-7 Contract is 670,226 gross acres in size, and is situated between the VIM 5 and VIM19 E&P Contracts along both of the proven and productive Cienaga de Oro and Porquero gas play fairways, as evidenced by the position of large producing gas fields both to the north and to the south of the block. Historically, a number of exploration wells have been drilled, and two commercial discoveries in the Cienaga de Oro were developed on the block, namely the Chinu (1956) and El Deseo (1989) fields. To date, management of the Corporation has identified a number of leads based on the limited 2D seismic coverage on the block.

The block is currently in phase 1 of the exploration period, which was extended by the ANH until September 15, 2022. The pending work commitments of the current phase is the drilling of one A3 exploratory well. The Corporation intends to fulfill the pending commitment with the drilling of the Natilla-1 A3 well during the year ended December 31, 2022, to be drilled within the area of the 157 km$^2$ Mayupa 3D seismic acquired in 2021.

***Middle Magdalena Valley Basin***

The Middle Magdalena Valley Basin situated in central Colombia and is a prolific intermontane basin with a long history of conventional hydrocarbon production. Basin development began in the Triassic with rifting and separation of North and South America along the Andean subduction zone. The back-arc sedimentary succession was dominated by easterly-sourced clastics which represent the primary conventional sandstone reservoirs in the basin. In a more distal setting, the basin is dominated by marine shale and carbonates including several source rock intervals. The most prolific of these, the Turonian-Coniacian-aged La Luna Formation and its lateral equivalents, are the basin's major source of oil and natural gas. Marine deposition in the basin was terminated in the Maastrichtian by the accretion of the Andean Western Cordillera. Subsequent Tertiary-aged sedimentation was dominated by non-marine clastics derived from more local important orogenic events related to the uplift of the Miocene-aged Andean Eastern Cordillera.

*VMM 2 E&P Contract*

Located in the Middle Magdalena Valley Basin, the VMM 2 E&P Contract is one of three adjacent contracts that expose the Corporation to a potentially large, unconventional shale oil fairway in the thick Cretaceous La Luna and Rosablanca formations analogous to the Eagle Ford formation.

ConocoPhillips is the operator under the VMM 2 E&P Contract holding a 80% working interest and Canacol, through its wholly-owned subsidiary Canacol Energy Colombia S.A.S., holds a 20% working interest.

The VMM 2 E&P Contract is currently in phase 1 (duration 36 months), which is currently suspended until the ANLA issues an environmental license. On October 23, 2017, the ANH authorized the transfer of $7.46 million of the investment under the previously held E&P Contract for this block to the VMM 2 E&P Contract. On November 1, 2017, the ANH authorized the change of the minimum work commitments for phase 1. The pending minimum work commitment of the current phase is the drilling of one exploratory well ($10 million), and the horizontal sidetrack from the vertical well ($7.46 million).

*VMM 3 E&P Contract*

The VMM 3 E&P Contract was approved by the ANH on December 2, 2015 to develop non-conventional reservoirs in the VMM 3 block. ConocoPhillips is the operator under the VMM 3 E&P Contract (holding an

80% working interest) and Canacol, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds the other 20% working interest.

The VMM 3 E&P Contract is currently in phase 1 (duration 36 months), which is currently suspended. On December 5, 2016, the ANH authorized the transfer of $2.2 million of the investment under the Santa Isabel E&P Contract to the VMM 3 E&P Contract. On November 30, 2016, the ANH authorized the restitution of 182 days to the term of the current phase. During the financial year ended December 31, 2017, the exploratory commitments for phase 1 were completed. On December 24, 2018, the ANH approved the suspension of phase 1 until the ANLA has issued the environmental license for unconventional exploration.

*VMM 10-1 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VMM 10-1 E&P Contract, which was awarded to the Corporation in a bid round (Proceso Permanente de Asignación de Areas Ciclo 4) administered by the ANH in 2021. The VMM 10-1 E&P Contract is located in the Middle Magdalena Valley Basin covering a total area of 235,580 acres. The VMM 10-1 E&P Contract is currently in the preliminary phase which ends on January 17, 2024. This contract has two exploratory phases of 36 months each without minimum commitments. There is established an Economic Value of Exclusivity (VEE – Valor Económico de Exclusividad) corresponding to an exploratory well, guaranteed through a letter of credit for an amount of $5,197,568, which shall be cancelled as soon as an A3 or A2 well is drilled by the Corporation.

*VMM 45 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VMM 45 E&P Contract, which was awarded to the Corporation in a bid round (Proceso Permanente de Asignación de Areas Ciclo 2) administered by the ANH in 2019. The VMM 45 E&P Contract is located in the Middle Magdalena Valley Basin covering a total area of 12,422 acres. The VMM 45 E&P Contract is currently in phase 1 of the exploration period which ends on December 23, 2023. The pending work commitments include: geological studies and the drilling of one A3 exploration well over a three-year phase. Once phase 1 is complete, the Corporation has the option to extend the exploratory work program by an additional three years (phase 2) on the VMM 45 E&P Contract. The Corporation intends to fulfill one of its pending commitments with the drilling of the Pola-1 A3 well during the year ended December 31, 2022, to be drilled within the recently reprocessed 3D seismic.

*VMM 47 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VMM 47 E&P Contract, which was awarded to the Corporation in a bid round (Proceso Permanente de Asignación de Areas Ciclo 3, PPAA # 3) administered by the ANH in 2020. The VMM 47 E&P Contract is located in the Middle Magdalena Valley Basin covering a total area of 86,143 acres. The Corporation is committed to an exploratory work program, that includes 50 km of 2D seismic acquisition and 50 km of 2D seismic reprocessing over a three-year period corresponding to the current phase (phase 1) which ends on July 30, 2024. Once phase 1 is complete, the Corporation has the option to extend the exploratory work program by an additional three years (phase 2) on the VMM 47 E&P Contract.

*VMM 49 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VMM 49 E&P Contract, which was awarded to the Corporation in a bid round (Proceso Permanente de Asignación de Areas Ciclo 2) administered by the ANH in 2019. The VMM 49 E&P Contract is located in the Middle Magdalena Valley Basin covering a total area of 148,244 acres. The Corporation has committed to an exploratory work program, which includes 200 $km^2$ of 3D seismic and three A3 exploration wells over a three-year phase (phase 1). Once phase 1 is complete, the Corporation has the option to extend the exploratory work program by an additional three years (phase 2) on the VMM 49 E&P Contract. The current phase of this contract is the preliminary exploratory phase prior to phase 1.

*VMM 53 E&P Contract*

The Corporation, through its wholly-owned subsidiary, CNE Oil & Gas S.A.S., holds a 100% working interest in the VMM 45 E&P Contract, which was awarded to the Corporation in a bid round (Proceso Permanente de Asignación de Areas Ciclo 4) administered by the ANH in 2021. The VMM 53 E&P Contract is located in the Middle Magdalena Valley Basin covering a total area of 128,592 acres. The VMM 53 E&P Contract is currently in the preliminary phase which ends on January 17, 2024. This contract has two exploratory phases of 36 months each without minimum commitments. There is established an Economic Value of Exclusivity (VEE – Valor Económico de Exclusividad) corresponding to an exploratory well, guaranteed through a letter of credit for an amount of $5,197,568, which shall be cancelled as soon as an A3 or A2 well is drilled by the Corporation.

***Llanos Basin***

In September 2018, the Corporation sold the majority of its conventional oil assets to Arrow Exploration Corp.  As such, the Corporation's operations in the Llanos Basin during the year ended December 31, 2021 were engaged in the production of oil solely through its operated producing field, Rancho Hermoso.

The Llanos Basin is situated on the east side of the Andes Mountains and covers an area of approximately 200,000 $km^2$. The basin is Colombia's most prolific hydrocarbon basin and contains the majority of Colombia's oil fields and proved oil reserves. The formation of the basin was initiated by Jurassic rifting and subsidence and ended with the late Miocene Andean Orogeny. The Andean Orogeny created the major north-south Andes Mountain Range extending from Colombia to the southern tip of South America. The rifting followed by the thrusting and uplift resulted in a structural style that is characterized by deep rooted high angle thrust and normal faults associated with low amplitude closures oriented NNE-SSW.

*Rancho Hermoso Field*

Rancho Hermoso is a mature oil field governed by an Ecopetrol contract.  The contract holds three work overs and the abandonment of three wells as pending commitments.

Crude oil production from Rancho Hermoso falls under either: (a) "non-tariff", which represents crude oil produced under a production sharing contract with Ecopetrol; or (b) "tariff" production, which represents crude oil produced under a risk service contract with Ecopetrol whereby the Corporation receives a set tariff price of $17.36 per gross boe produced. Tariff production is limited to one specific formation, the Mirador formation, while non-tariff production is derived from the remaining formations, including the Ubaque, Guadalupe, Barco Los Cuervos, Carbonera and Gacheta. The average daily production of the Rancho Hermoso field for the three months and year ended on December 31, 2021 was 893 bopd and 1,049 bopd, respectively. For the year ended December 31, 2021, the Corporation's net share before royalties averaged 25.7%.

Under the Amendment No. 1 dated October 30, 2015, Ecopetrol assumed 40% of the gross operation expenditures. Amendment No. 1 fixes such expenditures at $6 per gross bbl of production as long as the WTI crude oil price is $70 per bbl or less on a monthly average basis.

On December 2, 2021, the Corporation, through a wholly-owned subsidiary, signed an Operation and Maintenance Contract with Hocol S.A. (a subsidiary of Ecopetrol) whereby the Corporation assigned ownership of the Rancho Hermoso-11 and Rancho Hermoso-16 wells to Hocol S.A., and the Corporation will continue to operate the wells under a set tariff price of $17.36 per gross boe produced from the wells.

## STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

**Date of Statement**

This Statement of Reserves Data and Other Oil and Gas Information is dated December 31, 2021 unless indicated otherwise.

**Disclosure of Reserves Data**

The reserves data set forth herein is based upon an evaluation completed by BGEC set out in the BGEC Report dated February 17, 2022 with an effective date of December 31, 2021. The reserves data contained herein summarizes the Corporation's crude oil, natural gas and NGL reserves and the net present values of future net revenue for such reserves using forecast prices and costs as at December 31, 2021.

The BGEC Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which Canacol believes is important to readers of this Annual Information Form. The Corporation engaged BGEC to provide an evaluation of proved, probable, and possible reserves.

All of the Corporation's reserves are located in Colombia. In preparing the BGEC Report, basic information was provided to BGEC by the Corporation, which included land data, well information, geological information, reservoir studies, estimates of on-stream dates, contract information, current hydrocarbon product prices, operating cost data, capital budget forecasts, financial data and future operating plans. Other engineering, geological or economic data required to conduct the evaluations and upon which the BGEC Report is based, was obtained from public records, other operators and from BGEC's non-confidential files. The extent and character of ownership and the accuracy of all factual data supplied for the BGEC Report, from all sources, was accepted by BGEC as represented.

The tables and information contained herein, show the estimated share of the Corporation's reserves and the present value of estimated future net revenue for these reserves, using forecast prices and costs as indicated. The discounted and undiscounted net present value of future net revenues attributable to reserves do not represent fair market value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

**All evaluations and reviews of future net cash flow are stated prior to any provision for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned and future site restoration and reclamation costs for wells in Colombia to which reserves have been assigned. It should not be assumed that the estimated future net cash flow shown below is representative of the fair market value of the Corporation's properties. There is no assurance that such price and cost assumptions will be attained and variances could be material. The recovery and estimates of reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein. See "*Risk Factors*".**

The tables summarize the data contained in the BGEC Report and, as a result, may contain slightly different numbers than such report due to rounding. Also due to rounding, certain columns may not add exactly.

**All references to $ or US$ in this Statement of Reserves Data and Other Oil and Gas Information are United States dollars. All references to C$ are to Canadian dollars.** Estimated future net revenue are presented in United States dollars effective December 31, 2021.

## Forecast Prices Used in Estimates

The following table sets forth the forecasted gas prices, as at December 31, 2021, reflected in the reserves data. Take or pay gas contract pricing secured by the Corporation through various gas sales contracts along with expected interruptible pricing as predicted by Colombia's Mining and Energy Planning Unit, Unidad de Planeación Minero Energética ("**UPME**"), were provided by the Corporation to BGEC. BGEC applied the take or pay pricing up to the total take or pay volumes for a given reserves category and, if necessary, applied the UPME pricing to the remaining volumes. This resulted in a unique average gas price forecast for each reserves category. Inflation varies in each gas contract and ranges from 2% to 4% per annum.

| | Contract Gas Price ($US/Mcf) | | |
|---|---|---|---|
| **Year** | **Total Proved Reserves** | **Total Proved + Probable Reserves** | **Total Proved + Prob. Poss. Reserves** |
| 2022 | 4.99 | 4.99 | 4.99 |
| 2023 | 5.14 | 5.14 | 5.14 |
| 2024 | 5.03 | 5.21 | 5.21 |
| 2025 | 5.06 | 5.38 | 5.47 |
| 2026 | 5.06 | 5.49 | 5.84 |
| 2027 | 5.22 | 5.65 | 6.27 |
| 2028 | 5.24 | 5.74 | 6.65 |
| 2029 | 5.32 | 5.89 | 7.09 |
| 2030 | 5.33 | 5.33 | 6.89 |
| 2031 | 5.34 | 5.34 | 6.13 |
| 2032 | 5.34 | 5.34 | 5.34 |
| 2033 | 5.35 | 5.35 | 5.35 |
| 2034+ | 5.36 | 5.36 | 5.36 |

## Disclosure of Reserves Data

The following table provides a summary of the Corporation's reserves as of December 31, 2021 using forecast prices and costs.

| | RESERVES | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Light & Medium Crude Oil | | Heavy Crude Oil | | Conventional Natural Gas(1) | | Natural Gas Liquids | | Total BOE(4) | |
| **RESERVES CATEGORY** | **Gross(2) (Mbbl)** | **Net(3) (Mbbl)** | **Gross(2) (Mbbl)** | **Net(3) (Mbbl)** | **Gross(2) (MMcf)** | **Net(3) (MMcf)** | **Gross(2) (Mbbl)** | **Net(3) (Mbbl)** | **Gross(2) (Mboe)** | **Net(3) (Mboe)** |
| Proved | | | | | | | | | | |
| Developed Producing | - | - | - | - | 236,023 | 197,952 | - | - | 41,408 | 34,728 |
| Developed Non-Producing | - | - | - | - | 102,110 | 83,472 | - | - | 17,914 | 14,644 |
| Undeveloped | - | - | - | - | 30,233 | 24,703 | - | - | 5,304 | 4,334 |
| **Total Proved** | **-** | **-** | **-** | **-** | **368,366** | **306,127** | **-** | **-** | **64,626** | **53,706** |
| Probable | - | - | - | - | 238,489 | 203,548 | - | - | 41,840 | 35,710 |
| **Total Proved Plus Probable** | **-** | **-** | **-** | **-** | **606,855** | **509,675** | **-** | **-** | **106,466** | **89,417** |
| Possible | - | - | - | - | 345,437 | 292,838 | - | - | 60,603 | 51,375 |
| **Total Proved Plus Probable Plus Possible** | **-** | **-** | **-** | **-** | **952,292** | **802,513** | **-** | **-** | **167,069** | **140,792** |

**Notes:**

(1) Estimates of reserves of natural gas include associated and non-associated gas. There is no associated gas in this property.
(2) "Gross Reserves" are the Corporation's working interest reserves before the deduction of royalties.
(3) "Net Reserves" are the Corporation's working interest reserves after deductions of royalty obligations plus the Corporation's royalty interests.
(4) BOE have been reported based on natural gas conversions of 5.7 Mcf/1 bbl as required by the Ministry of Mines and Energy in Colombia.
(5) The numbers in this table may not add exactly due to rounding.

The following table provides a summary of Canacol's net present value of future net revenues as of December 31, 2021 using forecast prices and costs.

| RESERVES CATEGORY | Net Present Value (NPV) of Future Net Revenues (FNR)(1)(2)(3) — Before Deducting Future Income Tax Expense - Discounted at (%/yr) | | | | | After Deducting Future Income Tax Expense - Discounted at (% /yr) | | | | | Before Deducting Future Income Tax Expense - Discounted at 10%/yr ($/BOE)(4) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 (M US$) | 5 (M US$) | 10 (M US$) | 15 (M US$) | 20 (M US$) | 0 (M US$) | 5 (M US$) | 10 (M US$) | 15 (M US$) | 20 (M US$) | |
| Proved | | | | | | | | | | | |
| Developed Producing | 837,623 | 741,185 | 665,658 | 605,281 | 556,134 | 720,193 | 635,534 | 569,506 | 516,914 | 474,240 | 19.17 |
| Developed Non-Producing | 385,362 | 332,693 | 290,581 | 256,376 | 228,208 | 250,485 | 215,017 | 186,520 | 163,290 | 144,112 | 19.84 |
| Undeveloped | 80,509 | 68,690 | 59,027 | 51,041 | 44,377 | 52,331 | 43,430 | 36,189 | 30,238 | 25,300 | 13.62 |
| **Total Proved** | **1,303,494** | **1,142,568** | **1,015,266** | **912,698** | **828,719** | **1,023,009** | **893,981** | **792,215** | **710,442** | **643,652** | **18.90** |
| Probable | 1,125,200 | 875,931 | 693,501 | 557,369 | 453,994 | 731,380 | 561,041 | 437,002 | 344,931 | 275,407 | 19.42 |
| **Total Proved Plus Probable** | **2,428,694** | **2,018,499** | **1,708,767** | **1,470,067** | **1,282,713** | **1,754,389** | **1,455,022** | **1,229,217** | **1,055,373** | **919,059** | **19.11** |
| Possible | 2,020,490 | 1,436,862 | 1,044,569 | 774,599 | 584,810 | 1,313,319 | 924,661 | 664,504 | 486,284 | 361,619 | 20.33 |
| **Total Proved Plus Probable Plus Possible** | **4,449,184** | **3,455,361** | **2,753,336** | **2,244,666** | **1,867,523** | **3,067,708** | **2,379,683** | **1,893,721** | **1,541,657** | **1,280,678** | **19.56** |

**Notes:**

(1) NPV of FNR includes all resource income: Sale of oil, gas, by-product reserves; Processing of third party Reserves; Other income.
(2) Income taxes include all resource income, appropriate income tax calculations and prior tax pools.
(3) The unit values are based on net reserve volumes before income tax (BFIT).
(4) BOE have been reported based on natural gas conversion of 5.7Mcf/1 bbl as required by the Ministry of Mines and Energy in Colombia.
(5) The numbers in this table may not add exactly due to rounding.

The following table sets forth Canacol's total future net revenues (undiscounted) as of December 31, 2021 using forecast prices and costs.

| RESERVES CATEGORY | Revenue (M US$) | Royalties (M US$) | Operating Costs(2) (M US$) | Development Costs (M US$) | Abandonment & Reclamation Costs (M US$) | Future Net Revenues BT(1) (M US$) | Future Income Tax Expenses (M US$) | Future Net Revenues AT(1) (M US$) |
|---|---|---|---|---|---|---|---|---|
| Total Proved | 1,874,369 | 317,065 | 174,984 | 68,446 | 10,380 | 1,303,494 | 280,485 | 1,023,009 |
| Total Proved Plus Probable | 3,271,614 | 524,760 | 214,581 | 90,679 | 12,900 | 2,428,694 | 674,305 | 1,754,389 |
| Total Proved Plus Probable Plus Possible | 5,724,012 | 902,024 | 267,117 | 91,728 | 13,959 | 4,449,184 | 1,381,476 | 3,067,708 |

**Notes:**

(1) BT= Before deducting future income tax expenses and AT= After deducting future income tax expenses.
(2) Operating cost less processing and other income.
(3) The numbers in this table may not add exactly due to rounding.

The following table sets forth Canacol's net present value of future net revenues by product type as of December 31, 2021 using forecast prices and costs.

| RESERVES CATEGORY | PRODUCT TYPE | Net Present Value of Future Net Revenues BFIT Discounted (10%/yr)(1) (M US$) | Net Present Value of Future Net Revenues BFIT Discounted (10%/yr)(1)(2) ($/BOE) |
|---|---|---|---|
| **Total Proved** | Bitumen | - | - |
| | Coal Bed Methane | - | - |
| | Conventional Natural gas (including by-products but excluding solution gas and by-products from oil wells) | 1,015,266 | 18.90 |
| | Gas Hydrates | - | - |
| | Heavy Crude Oil (including solution gas and other by-products) | - | - |
| | Light Crude Oil & Medium Crude Oil (including solution gas and other by-products) | - | - |
| | Natural Gas Liquids | - | - |
| | Shale Gas | - | - |
| | Synthetic Crude Oil | - | - |
| | Synthetic Gas | - | - |
| | Tight Oil | - | - |
| | **Total** | **1,015,266** | **18.90** |
| **Total Proved Plus Probable** | Bitumen | - | - |
| | Coal Bed Methane | - | - |
| | Conventional Natural gas (including by-products but excluding solution gas and by-products from oil wells) | 1,708,767 | 19.11 |
| | Gas Hydrates | - | - |
| | Heavy Crude Oil (including solution gas and other by-products) | - | - |
| | Light Crude Oil & Medium Crude Oil (including solution gas and other by-products) | - | - |
| | Natural Gas Liquids | - | - |
| | Shale Gas | - | - |
| | Synthetic Crude Oil | - | - |
| | Synthetic Gas | - | - |
| | Tight Oil | - | - |
| | **Total** | **1,708,767** | **19.11** |
| **Total Proved Plus Probable Plus Possible** | Bitumen | - | - |
| | Coal Bed Methane | - | - |
| | Conventional Natural gas (including by-products but excluding solution gas and by-products from oil wells) | 2,753,336 | 19.56 |
| | Gas Hydrates | - | - |
| | Heavy Crude Oil (including solution gas and other by-products) | - | - |
| | Light Crude Oil & Medium Crude Oil (including solution gas and other by-products) | - | - |
| | Natural Gas Liquids | - | - |
| | Shale Gas | - | - |
| | Synthetic Crude Oil | - | - |
| | Synthetic Gas | - | - |
| | Tight Oil | - | - |
| | **Total** | **2,753,336** | **19.56** |

**Notes:**

(1) The unit values are based on net reserve volumes before deducting future income tax expenses (BFIT).
(2) BOE have been reported based on natural gas conversion of 5.7Mcf/1 bbl as required by the Ministry of Mines and Energy in Colombia.
(3) The numbers in this table may not add exactly due to rounding.

## Reconciliations of Changes in Reserves

The following table set forth the reconciliation of Canacol's gross reserves by principal product type using forecast prices and cost estimates as of December 31, 2021.

| | Total Oil (Mbbl) | Light & Medium Crude Oil (Mbbl) | Heavy Crude Oil (Mbbl) | Sales Gas (MMcf) | Natural Gas Liquids (Mbbl) | Total (Mboe) |
|---|---|---|---|---|---|---|
| **Total Proved** | | | | | | |
| **Opening Balance (December 31, 2020)** | **-** | **-** | **-** | **394,792** | **-** | **69,262** |
| Extensions | - | - | - | - | - | - |
| Improved Recovery | - | - | - | - | - | - |
| Technical Revisions(1) | - | - | - | 3,025 | - | 531 |
| Discoveries | - | - | - | 37,154 | - | 6,518 |
| Acquisitions(2) | - | - | - | - | - | - |
| Dispositions(2) | - | - | - | - | - | - |
| Economic Factors(3) | - | - | - | - | - | - |
| Production | - | - | - | (66,605) | - | (11,685) |
| **Closing Balance (December 31, 2021)** | **-** | **-** | **-** | **368,366** | **-** | **64,626** |
| | | | | | | |
| **Total Probable** | | | | | | |
| **Opening Balance (December 31, 2020)** | **-** | **-** | **-** | **242,457** | **-** | **42,536** |
| Extensions | - | - | - | - | - | - |
| Improved Recovery | - | - | - | - | - | - |
| Technical Revisions(1) | - | - | - | (37,000) | - | (6,491) |
| Discoveries | - | - | - | 33,032 | - | 5,795 |
| Acquisitions(2) | - | - | - | - | - | - |
| Dispositions(2) | - | - | - | - | - | - |
| Economic Factors(3) | - | - | - | - | - | - |
| Production | - | - | - | - | - | - |
| **Closing Balance (December 31, 2021)** | **-** | **-** | **-** | **238,489** | **-** | **41,840** |
| | | | | | | |
| **Total Proved + Probable** | | | | | | |
| **Opening Balance (December 31, 2020)** | **-** | **-** | **-** | **637,249** | **-** | **111,798** |
| Extensions | - | - | - | - | - | - |
| Improved Recovery | - | - | - | - | - | - |
| Technical Revisions(1) | - | - | - | (33,975) | - | (5,960) |
| Discoveries | - | - | - | 70,185 | - | 12,313 |
| Acquisitions(2) | - | - | - | - | - | - |
| Dispositions(2) | - | - | - | - | - | - |
| Economic Factors(3) | - | - | - | - | - | - |
| Production | - | - | - | (66,605) | - | (11,685) |
| **Closing Balance (December 31, 2021)** | **-** | **-** | **-** | **606,855** | **-** | **106,466** |
| | | | | | | |
| **Total Proved + Probable + Possible** | | | | | | |
| **Opening Balance (December 31, 2020)** | **-** | **-** | **-** | **951,069** | **-** | **166,854** |
| Extensions | - | - | - | - | - | - |
| Improved Recovery | - | - | - | - | - | - |
| Technical Revisions(1) | - | - | - | (58,245) | - | (10,218) |
| Discoveries | - | - | - | 126,073 | - | 22,118 |
| Acquisitions(2) | - | - | - | - | - | - |
| Dispositions(2) | - | - | - | - | - | - |
| Economic Factors(3) | - | - | - | - | - | - |
| Production | - | - | - | (66,605) | - | (11,685) |
| **Closing Balance (December 31, 2021)** | **-** | **-** | **-** | **952,292** | **-** | **167,069** |

**Notes:**

(1) Includes technical revisions due to reservoir performance, geological and engineering changes and working interest changes resulting from the timing of interest reversions.
(2) Includes production attributable to any acquired interests from the acquisition date to effective date of the report and production realized from disposed interests from the opening balance date to the effective date of disposition.
(3) Includes economic revisions related to price, royalty factor changes and change in economic limits.
(4) BOE have been reported based on natural gas conversion of 5.7Mcf/1 bbl as required by the Ministry of Mines and Energy in Colombia.

(5) The numbers in this table may not exactly add due to rounding.

**Additional Information Relating to Reserves Data**

***Undeveloped Reserves***

The Corporation attributes proved, probable, and possible undeveloped reserves based on accepted engineering and geological practices as defined under NI 51-101. These practices include the determination of reserves based on the presence of commercial test rates from either production tests or drill stem tests, extensions of known accumulations based upon either geological or geophysical information and the optimization of existing fields.

Subject to the success of operations, within the next two years, the Corporation has set forth below its plans regarding the development of proved, probable and possible undeveloped reserves. The Corporation's undeveloped reserves will be developed through further drilling and recompletions of existing wells within the following contracts and fields:

*Esperanza E&E Contract*

- The Porquero well, Nelson 10, is in the drilling inventory and could be drilled as early as Q3/Q4 2022 or in 2023.

- Palmer 2 was drilled in 2019 but the Corporation did not drill into the Middle Cienaga de Oro. The wells in the Palmer field currently produce from the Upper Cienaga de Oro and, once these formations are depleted, the Corporation intends to develop the underlying Middle Cienaga de Oro. The estimated timing of developing the Middle Cienaga de Oro is 2024.

*VIM 5 E&P Contract*

- Chirimia 1 ST is in the drilling inventory and is expected to be drilled in Q2 2022.

- The Tubara well, Corneta 2, is in the drilling inventory and is scheduled for 2023.

- Ocarina 2 is in the drilling inventory and could be drilled as early as Q3/Q4 2022 or in 2023.

*VIM 21 E&P Contract*

- Toronja 2 was drilled in January 2022 and is on permanent production. Toronja 3 is in the drilling inventory and could be drilled as early as Q3/Q4 2022 or in 2023.

- Breva 2 is in the drilling inventory and could be drilled as early Q3/Q4 2022 or in 2023.

- Arandala 3 is in the drilling inventory and is scheduled for 2022 or 2023.

- Fresa 2 is in the drilling inventory and is scheduled for 2023.

The ultimate recovery of undeveloped reserves from the Corporation's gas fields are also associated with the installation and commissioning of compression and the conversion of older wells into water disposal. In December 2021, the Corporation installed and commissioned compression in Pandereta. In February 2022, the Corporation installed and commissioned compression at Betania and Nispero. Compression and water handling projects are in the Corporation's 2022 budget and continue to be executed.

The Corporation anticipates that the 2022/2023 drilling and recompletions schedule will focus on the above areas and on other opportunities arising from the Corporation's exploration programs; however, drilling plans are affected by economic considerations. The Corporation has presently set about executing its approved fiscal 2022 drilling plan. Undeveloped reserves, like all projects, are subject to competition for capital and consequently may be delayed or accelerated from time to time. For more information, see "*Risk Factors*" herein.

The following table sets out the volume of the Corporation's proved undeveloped and probable undeveloped reserves over the most recent three financial years and the amount of reserves first attributed in each of those years.

| | Light & Medium Crude Oil Gross (Mbbl) | | Heavy Crude Oil Gross (Mbbl) | | Sales Natural Gas Gross (MMcf) | | NGLs Gross (MMcf) | |
|---|---|---|---|---|---|---|---|---|
| **Reserves Category** | **First Attributed** | **Cumulative at year end** | **First Attributed** | **Cumulative at year end** | **First Attributed** | **Cumulative at year end** | **First Attributed** | **Cumulative at year end** |
| **Proved Undeveloped** | | | | | | | | |
| Prior to 2019 | - | 2,079 | 141 | 1,875 | 89,458 | 140,628 | - | - |
| 2019 | - | - | - | - | 58,601 | 75,554 | - | - |
| 2020 | - | - | - | - | 5,242 | 41,394 | - | - |
| 2021 | - | - | - | - | - | 30,233 | - | - |
| **Probable Undeveloped** | | | | | | | | |
| Prior to 2019 | - | 575 | 678 | 3,844 | 82,118 | 182,966 | - | - |
| 2019 | - | - | - | - | 42,614 | 78,133 | - | - |
| 2020 | - | - | - | - | 12,545 | 79,868 | - | - |
| 2021 | - | - | - | - | - | 53,679 | - | - |

**Note:**

(1) The numbers in this table may not add exactly due to rounding.

### *Significant Factors or Uncertainties Affecting Reserves Data*

*General*

The Corporation does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the reserves data, including with respect to properties with no attributed reserves. However, there are numerous uncertainties inherent in estimating quantities of proved reserves, including many factors beyond the control of the Corporation. The reserve data included herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the associated future net cash flows are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and associated estimates of future net revenues expected, prepared by different engineers or by the same engineers at different times, may vary substantially. The actual production, revenues, taxes and development and operating expenditures of the Corporation with respect to these reserves will vary from such estimates, and such variances could be material.

Estimates with respect to proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves.

Consistent with the securities disclosure legislation and policies of Canada, the Corporation has used forecast prices and costs in calculating reserve quantities included herein. Actual future net cash flows will also be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

*Abandonment and Reclamation Costs*

The following table sets forth abandonment and reclamation costs deducted in the estimation of the Corporation's future net revenue using forecast prices and costs:

| | Abandonment and Reclamation Costs (M US$) |
|---|---|
| **Total Proved Reserves** | |
| **Year** | |
| 2022 | - |
| 2023 | 817 |
| 2024 | 3,550 |
| 2025 | 1,731 |
| 2026 | 1,123 |
| **Remaining** | **3,159** |
| **Undiscounted** | **10,380** |
| **Discounted @ 10%** | **4,385** |
| | |
| **Total Proved plus Probable Reserves** | |
| **Year** | |
| 2022 | - |
| 2023 | - |
| 2024 | 210 |
| 2025 | 1,098 |
| 2026 | 2,232 |
| **Remaining** | **9,360** |
| **Undiscounted** | **12,900** |
| **Discounted @ 10%** | **4,876** |

**Note:**

(1) The numbers in this table may not add exactly due to rounding.

***Future Development Costs***

The following table outlines the forecast for future development costs associated with the Corporation's assets and properties for the reserves categories noted below, calculated on an undiscounted and a discounted (10%) basis.

| | Future Development Costs Forecast Prices & Costs | |
|---|---|---|
| | For Proved Reserves (M US$) | For Proved + Probable Reserves (M US$) |
| **Year** | | |
| 2022 | 32,070 | 38,870 |
| 2023 | 29,520 | 34,329 |
| 2024 | 3,439 | 6,879 |
| 2025 | 645 | 4,231 |
| 2026 | 1,339 | 2,026 |
| **Remaining** | **1,432** | **4,344** |
| **Total** | **68,446** | **90,679** |
| | | |
| **Undiscounted** | **68,446** | **90,679** |
| **Discounted @ 10%** | **61,217** | **79,093** |

**Notes:**

(1) Future Development Costs shown are associated with booked reserves in the BGEC Report and do not necessarily represent the Corporation's full exploration and development budget.
(2) The numbers in this table may not add exactly due to rounding.

Generally, the Corporation has three sources of funding to finance its capital expenditure programs: (i) cash on hand and internally generated cash flows from operations; (ii) debt financing, when appropriate; and (iii) new equity issues, if available on favourable terms. Management does not anticipate that the costs of funding referred to above will materially affect the Corporation's disclosed reserves and future net revenues or will make the development of any of the Corporation's properties uneconomic. The Corporation plans its capital program on a calendar year basis.

**Other Oil and Gas Information**

***Oil and Gas Wells***

The following table summarizes Canacol's interests, by region and on a consolidated basis, as at December 31, 2021, in oil and gas wells which are producing or which are considered capable of production. All wells considered capable of production have been standing for a period of less than one year, are within economic distance of transportation facilities and are classified as proved developed non-producing reserves in the BGEC Report. All of the Corporation's properties are located onshore.

| | Oil Wells | | | | Gas Wells | | | |
|---|---|---|---|---|---|---|---|---|
| | Producing | | Non- Producing | | Producing | | Non- Producing | |
| | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| **Colombia** | | | | | | | | |
| Rancho Hermoso | 6.0 | 1.8 | 1.0 | 0.3 | - | - | - | - |
| VIM 5 | - | - | - | - | 7.0 | 7.0 | 8.0 | 8.0 |
| VIM 21 | - | - | - | - | 6.0 | 6.0 | - | - |
| Esperanza | - | - | - | - | 10.0 | 10.0 | 12.0 | 12.0 |
| **Total** | **6.0** | **1.8** | **1.0** | **0.3** | **23.0** | **23.0** | **20.0** | **20.0** |

See "*Description of the Business and Operations – Principal Properties and Operations*" for a discussion of the Corporation's properties.

***Properties with no Attributed Reserves***

As at December 31, 2021, the Corporation had approximately 1,601,157 gross (1,140,950 net) acres of unproved property. This acreage is situated in Colombia. No reserves have been assigned to this acreage.

Undeveloped acreage includes rights granted pursuant to exploration contracts or license contracts, which require certain work commitments. First term commitments for exploration licenses typically include evaluation of existing data and acquisition, processing and interpretation of additional seismic to be acquired by the Corporation. Subsequent terms typically involve drilling exploration wells. If, at the end of the exploration term, the Corporation elects not to proceed with additional work commitments, all or a portion of this acreage may be relinquished.

In the event of exploration success on certain acreage, pipeline and facility construction would be required in order to fully develop the field.

As at December 31, 2021, the Corporation had no unproved property in which its rights to explore, develop and exploit will, absent further action, expire within one year.

See also "*Significant Factors or Uncertainties Affecting Reserves Data*" and "*Risk Factors*" herein.

***Forward Contracts***

Other than fixed price gas sale contracts and transportation agreements entered into by the Corporation in the ordinary course of business, Canacol is not bound by any agreement, directly or through an aggregator, under which it is precluded from fully realizing, or may be protected from the full effect of, future market prices for crude oil or natural gas. Canacol's transportation obligations or commitments for future physical deliveries of natural gas are not expected to vary significantly from Canacol's future forecasted production.

### *Tax Horizon*

The Corporation was taxable in Colombia and Switzerland for the year ended December 31, 2021.

### *Costs Incurred*

The following table summarizes capital expenditures related to the Corporation's activities for the year ended December 31, 2021, separated into its business units.

| | Colombia (M$) | Other (M$) | Total (M$) |
|---|---|---|---|
| Development Costs | 58,482 | 1,561 | 60,043 |
| Exploration Costs | 41,450 | - | 41,450 |
| Reclassification | - | - | - |
| Net Property Acquisition Costs | | | |
| Proved Properties | (1,688) | - | (1,668) |
| Unproved Properties | - | - | - |
| **Total Capital Expenditures** | **98,264** | **1,561** | **99,825** |

### *Exploration and Development Activities*

The following table summarizes the gross and net exploratory and development wells in which the Corporation and its subsidiaries participated during the year ended December 31, 2021.

| | Exploration Wells | | Development Wells | | Total | |
|---|---|---|---|---|---|---|
| | Gross | Net | Gross | Net | Gross | Net |
| **Colombia**(1)(2)(3) | | | | | | |
| Oil wells | - | - | - | - | - | - |
| Gas wells | 6.0 | 6.0 | 4.0 | 4.0 | 10.0 | 10.0 |
| Service wells | - | - | - | - | - | - |
| Stratigraphic test wells | - | - | - | - | - | - |
| Dry holes | 2.0 | 2.0 | - | - | 2.0 | 2.0 |
| **Total** | **8.0** | **8.0** | **4.0** | **4.0** | **12.0** | **12.0** |
| **Success Rate** | **75%** | **75%** | **100%** | **100%** | **83%** | **83%** |

**Notes:**

(1) The gas exploration wells are Aguas Vivas-1, Aguas Vivas-2, Aguas Vivas-3, San Marcos-1, Corneta-1 and Siku-1.
(2) The gas development wells are Oboe-2, Nelson-9, Cañahuate-4 and Clarinete-6.
(3) The dry holes are Flauta-1 and Milano-1.

*Colombia Gas*

For development activity related to the gas portfolio, the Corporation has identified potential development locations on its Esperanza, VIM 5 and VIM 21 properties. A number of these locations are contingent on the Corporation's ongoing appraisal drilling program on its most recent discoveries. Committing to additional development drilling will be tied to the requirement to build the Corporation's proved and probable reserve base to secure additional gas contracts. In the meantime, the Corporation will advance its technical understanding of reservoir performance by continued reservoir modeling of the main producing assets.

For exploration activity related to the gas portfolio, the Corporation has built a significant inventory of prospects and leads by interpretation of the 2D and 3D seismic across its acreage position. Committing to additional investment in seismic and exploratory drilling will be tied to the requirement to build the Corporation's proved and probable reserve base to secure additional gas contracts.

### *Production Estimates*

The following table sets forth the volume of production estimated by the Corporation, by product type, for total proved, total probable and total proved plus probable reserves, for the year ending December 31, 2022, based on the BGEC Report for the year ended December 31, 2021 using forecast prices and costs.

| | Forecast Prices & Costs | | |
|---|---|---|---|
| **Reserves Category** | **Total Proved Gross Daily Production[(2)]** | **Total Probable Gross Daily Production[(2)]** | **Total Proved + Probable Gross Daily Production[(2)]** |
| Light & Medium Crude Oil (bbl/d) | - | - | - |
| Heavy Crude Oil (bbl/d) | - | - | - |
| Associated and Non-Associated Natural Gas (Mcf/d) | 199,139 | - | 199,139 |
| Natural Gas Liquids (bbl/d) | - | - | - |
| **Total[(1)] (boe/d)** | **34,937** | **-** | **34,937** |

**Notes:**

(1) BOE have been reported based on natural gas conversions of 5.7 Mcf/1 bbl as required by the Ministry of Mines and Energy in Colombia.
(2) Gross production is company interest before all royalty deductions.
(3) The numbers in these tables may not add exactly due to rounding.

The following table sets forth the volume of production estimated by the Corporation, by field, for the year ending December 31, 2022, based on the BGEC Report for the year ended December 31, 2021 using forecast prices and costs.

| | **Light & Medium Crude Oil (bbl/d)** | **Heavy Crude Oil (bbl/d)** | **Conventional Natural Gas (Mcf/d)[(2)]** | **Natural Gas Liquids (bbl/d)** |
|---|---|---|---|---|
| Acordeon & Ocarina | - | - | 1,497 | - |
| Aguas Vivas | - | - | 30,427 | - |
| Arandala | - | - | 4,711 | - |
| Ariana | - | - | 198 | - |
| Breva | - | - | 2,986 | - |
| Canahuate | - | - | 3,019 | - |
| Canandonga | - | - | - | - |
| Chirimia | - | - | 4,150 | - |
| Clarinete | - | - | 61,427 | - |
| Fresa | - | - | - | - |
| Nelson | - | - | 40,365 | - |
| Nispero & Trombon | - | - | 4,125 | - |
| Oboe | - | - | 4,772 | - |
| Palmer | - | - | 6,612 | - |
| Pandereta | - | - | 27,492 | - |
| Porro Norte | - | - | - | - |
| San Marcos | - | - | 3,633 | - |
| Siku | - | - | 2,238 | - |
| Toronja | - | - | 1,485 | - |
| **Total** | **-** | **-** | **199,139** | **-** |

**Notes:**

(1) Daily production is taken from the BGEC Report as of December 31, 2021.
(2) Natural gas includes associated and non-associated sales gas volumes.
(3) The numbers in these tables may not match the corporate totals due to rounding.

### *Production History*

The following table sets forth the Corporation's share of average gross daily production volumes, by country, the prices received, royalties paid, production costs incurred and the resulting netback on a per unit volume basis, for each quarter of the year ended December 31, 2021.

| OPERATING RESULTS | Three Months Ended March 31, 2021 | Three Months Ended June 30, 2021 | Three Months Ended September 30, 2021 | Three Months Ended December 31, 2021 |
|---|---|---|---|---|
| | Colombia | Colombia | Colombia | Colombia |
| **Average Gross Daily Production** | | | | |
| Light & Medium Crude Oil (bbl/d) | 256 | 262 | 394 | 244 |
| Heavy Crude Oil (bbl/d) | - | - | - | - |
| Conventional Natural Gas (boe/d) | 31,487 | 30,371 | 33,755 | 32,657 |
| Natural Gas Liquids (bbl/d) | - | - | - | - |
| Crude Oil – Tariff (boe/d) | - | - | - | - |
| **Average sale prices** | | | | |
| Light & Medium Crude Oil ($/bbl) | 47.20 | 51.26 | 53.70 | 59.67 |
| Heavy Crude Oil ($/bbl) | - | - | - | - |
| Conventional Natural Gas ($/boe) | 24.80 | 23.31 | 25.25 | 26.28 |
| Natural Gas Liquids ($/bbl) | - | - | - | - |
| Crude Oil – Tariff ($/boe) | - | - | - | - |
| **Operating netback ($/boe)** | | | | |
| Commodity sales revenue, net of transportation expenses | 25.02 | 23.48 | 25.38 | 26.77 |
| Royalties | (4.03) | (4.06) | (3.93) | (3.81) |
| Operating expenses | (1.66) | (1.44) | (1.49) | (2.45) |
| **Netback ($)(1)** | 19.33 | 17.98 | 19.96 | 20.51 |

**Note:**

(1) "Netback" per BOE is calculated as revenues net of royalties, less transportation and processing charges and operating expenses and then divided by BOE or Mcf sold. Netbacks do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures used by other companies. Management believes this is a useful metric in providing a comparison of relative overall performance between companies as it is a common metric used by other companies operating in the oil and gas industry. Management uses this metric to assess the Corporation's overall performance relative to that of its competitors and for internal planning purposes.

The following table sets forth the Corporation's production volumes for the year ended December 31, 2021, by product type, for the fields comprising more than 10% of the Corporation's total production.

| | Light & Medium Crude Oil (bbl/d) | Heavy Crude Oil (bbl/d) | Conventional Natural Gas (boe/d) | Natural Gas Liquids (bbl/d) |
|---|---|---|---|---|
| Esperanza | - | - | 10,382 | - |
| VIM 5 | - | - | 17,246 | - |
| VIM 21 | - | - | 4,447 | - |
| Other | 289 | - | - | - |
| **Total** | **289** | **-** | **32,075** | **-** |

**Note:**

(1) The numbers in these tables may not match the corporate totals due to rounding.

## DESCRIPTION OF CAPITAL STRUCTURE

### Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. As of March 16, 2022, 170,858,922 Common Shares were issued and outstanding (176,166,622 Common Shares as at December 31, 2021). The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attached to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the Board of Directors and are entitled to receive the remaining property upon liquidation of the Corporation.

## Preferred Shares

The Corporation is authorized to issue an unlimited number of preferred shares ("**Preferred Shares**"), issuable in series. As of March 16, 2022, no Preferred Shares were issued and outstanding. The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Board of Directors, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. The Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its Shareholders for the purpose of winding up its affairs, shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences and priorities over the Common Shares and any other shares of the Corporation ranking junior to such series of Preferred Shares.

## Long-Term Debt

### *2021 Senior Notes*

On November 24, 2021, the Corporation completed a private offering of the 2021 Senior Notes for the aggregate principal amount of $500,000,000. The Corporation used a portion of the net proceeds from the offering to finance the purchase of the 2018 Senior Notes by Credit Suisse pursuant to the Tender Offer and to repay the 2018 Credit Facility.

*General*

The 2021 Senior Notes are direct senior unsecured obligations of the Corporation and rank *pari passu* in right of payment with all other existing and future senior indebtedness of the Corporation. The 2021 Senior Notes are jointly and severally guaranteed on a general unsecured senior basis by certain subsidiaries of the Corporation. The 2021 Senior Notes will mature on November 24, 2028, unless earlier redeemed or repurchased in accordance with the terms of the 2021 Senior Notes. The 2021 Senior Notes bear interest at the rate of 5.75% per annum, payable semi-annually in arrears on each May 24 and November 24 of each year, commencing on May 24, 2022.

Subject to certain exceptions, the 2021 Senior Note Indenture governing the 2021 Senior Notes contains a number of incurrence-based covenants that, among other things, restrict the Corporation and certain of its subsidiaries ability to: incur or guarantee additional indebtedness; pay dividends or make other distributions or repurchase or redeem its capital stock; make loans and investments; sell assets; incur liens; enter into transactions with affiliates; enter into agreements restricting certain subsidiaries' ability to pay dividends; and consolidate, merge or sell all or substantially all of its assets. These covenants are subject to a number of qualifications and exceptions as set forth in the 2021 Senior Note Indenture.

*Redemption*

The Corporation may redeem the 2021 Senior Notes, in whole or in part, at any time before November 24, 2024, at a redemption price equal to 100% of the principal amount of the 2021 Senior Notes plus a make-whole premium, in each case plus accrued and unpaid interest to, but excluding, the redemption date. At any time on or after November 24, 2024, the Corporation may redeem the 2021 Senior Notes, in whole or in part, at the redemption price equal to 102.875% (in year 2024), 101.438% (in year 2025) and 100% (in year 2026 and thereafter) of the principal amount of the 2021 Senior Notes plus accrued and unpaid interest to, but excluding, the redemption date.

In addition, before November 24, 2024, the Corporation may redeem up to 35% of the 2021 Senior Notes with net cash proceeds from an equity offering, at the redemption price equal to 105.750% of the principal amount of the 2021 Senior Notes plus accrued and unpaid interest thereon to, but excluding, the redemption date. The Corporation may also redeem the 2021 Senior Notes, in whole but not in part, at a price equal to 100% of the principal amount plus accrued and unpaid interest to, but excluding, the redemption date and any additional amounts, upon the occurrence of certain changes in tax law.

*Change of Control*

Upon the occurrence of a change of control (as defined in the 2021 Senior Note Indenture), the holders may require the Corporation to repurchase such holder's 2021 Senior Notes, in whole or in part, at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of purchase.

See also "*Risk Factors – Risks Related to the Industry and the Business of Canacol – Debt Matters*".

***2020 Revolving Credit Facility***

The 2020 Revolving Credit Facility is a $46 million senior unsecured revolving credit facility with a syndicate of banks. The 2020 Revolving Credit Facility bears interest at a rate of LIBOR plus 4.75% per annum and is due July 29, 2023. The Corporation can repay or redraw the 2020 Revolving Credit Facility at any time within the term without penalty. Canacol will pay a commitment fee to the syndicate of 30% of the 4.75% interest margin on any undrawn amounts throughout the term. As at March 16, 2022, the Corporation had not drawn any amount under the 2020 Revolving Credit Facility. The 2020 Revolving Credit Facility contains a number of incurrence-based covenants that are harmonized with the covenants under the 2021 Senior Notes as discussed above under "*Description of Capital Structure – Long-Term Debt – 2021 Senior Notes"*. See also "*Risk Factors – Risks Related to the Industry and the Business of Canacol – Debt Matters*".

***2020 Bridge Loan***

The 2020 Bridge Loan, which was amended in August, 2021, is a $75 million senior unsecured bridge term loan with a syndicate of banks and was entered into by Canacol and CNEMED S.A.S ("**CNEMED**"), a wholly owned subsidiary of Canacol, as borrower, for the construction and ownership of the Medellin Pipeline, with Canacol being one of the guarantors throughout the term. The 2020 Bridge Loan, as amended, bears interest at a rate of LIBOR plus 4.25% per annum and is due July 31, 2023. CNEMED can repay the 2020 Bridge Loan at any time within the term without penalty. CNEMED will pay a commitment fee to the syndicate of 30% of the 4.25% interest margin on any undrawn amounts throughout the availability period. As at March 16, 2022, CNEMED had drawn an aggregate of $25 million under the 2020 Bridge Loan. The 2020 Bridge Loan contains a number of incurrence-based covenants that are harmonized with the covenants under the 2021 Senior Notes as discussed above under "*Description of Capital Structure – Long-Term Debt – 2021 Senior Notes"*. It is anticipated that during the term of the 2020 Bridge Loan Canacol will divest between 75% to 100% of the shares of CNEMED to equity partners, while maintaining up to a 25% working interest in the ownership of the pipeline project. Once equity partners and bank syndicate agreements have been signed, and any applicable conditions precedent have been met, it is anticipated that long term funding will be advanced and the 2020 Bridge Loan will be repaid. See also "*Risk Factors – Risks Related to the Industry and the Business of Canacol – Debt Matters*".

**Credit Ratings**

The 2021 Senior Notes are rated BB- with a positive outlook from Fitch Ratings ("**Fitch**"), BB- with a stable outlook from S&P Global Ratings ("**S&P**") and Ba3 with a stable outlook from Moody's Investors Services ("**Moody's**").

Fitch's credit ratings are on a long-term debt rating scale that ranges from AAA to D, which represents the range from highest to lowest quality of such securities rated. A rating of BB is the fifth highest of 11 major categories. According to the Fitch rating system, an obligor with debt securities rated in the BB category is less vulnerable to nonpayment than other speculative issues; however, it is vulnerable to default risk, particularly in the event of adverse changes in business or economic conditions over time. The addition of a plus (+) or minus (-) designation after a rating indicates the relative standing within a particular rating category.

S&P's long-term issue credit rating of individual securities are on a rating scale of AAA (highest) to D (lowest). A long-term credit rating of BB is within the fifth highest of 10 categories and is considered less vulnerable to non-payment in the near-term than other speculative grade investments but faces major ongoing uncertainties and exposure to adverse business, financial and economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. The ratings from AA to CCC may be modified by the addition of a plus (+) or a minus (-) sign to show relative standing within the rating categories.

Moody's credit ratings are on a long-term debt rating scale that ranges from Aaa to C, which represents the range from highest to lowest quality of such securities rated. According to Moody's, a rating of Ba is the fifth highest of nine major categories. Moody's applies numerical modifiers 1, 2 and 3 in each generic rating classification from Aa to Caa in its corporate bond rating system. The modifier 1 indicates that the issue ranks in the higher end of its generic rating category, the modifier 2 indicates a mid-range ranking and the modifier 3 indicates that the issue ranks in the lower end of its generic rating category.

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. The credit ratings accorded to the 2021 Senior Notes are not recommendations to purchase, hold or sell such securities inasmuch as such ratings are not a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant. A revision or withdrawal of a credit rating could have a material adverse effect on the pricing or liquidity of the 2021 Senior Notes in the secondary markets, should such markets develop. Canacol undertakes no obligation to maintain the ratings or to advise holders of the 2021 Senior Notes of any change in ratings. Each agency's rating should be evaluated independently of any other agency's rating. See "*Risk Factors – Risks Related to the Industry and the Business of Canacol – Credit Ratings*".

The Corporation paid fees for rating services to Fitch, S&P and Moody's, but has not paid fees for other rating agency services during the last two years.

## DIVIDENDS AND DISTRIBUTIONS

### Dividend Record and Policy

During the year ended December 31, 2019, the Corporation announced that it would start a regular recurring quarterly dividend. Canacol's general practice will be to pay quarterly cash dividends on the Common Shares from its distributable cash flow to Shareholders of record as of the dividend record date, which will generally be 15 days prior to the dividend payment date.

Canacol's dividend policy is intended to provide Shareholders with relatively stable and predictable quarterly dividends, while retaining a portion of cash flow to fund maintenance capital and ongoing growth projects. The amount of dividends to be paid on the Common Shares, if any, is subject to the discretion of the Board of Directors and may vary depending on a variety of factors. In addition to the standard legislated solvency and liquidity tests that must be met, Canacol's ability to declare and pay dividends is also dependent on its compliance with the covenants under the 2021 Senior Note Indenture, the 2020 Revolving Credit Facility and the 2020 Bridge Loan (see "*Description of Capital Structure – Long-Term Debt*").

In determining the level of dividends to be declared, the Board of Directors takes into consideration such factors as current and expected future levels of distributable cash flow (including income tax), capital expenditures, borrowings and debt repayments, changes in working capital requirements and other factors.

Over the long term, Canacol expects to continue to pay quarterly dividends to Shareholders from its distributable cash flow; however, dividends are not guaranteed (see "*Risk Factors – Risks Related to the Industry and the Business of Canacol – Cash Dividends Are Not Guaranteed*").

**Dividend History**

The table below provides information on dividends declared per Common Share for each of the three most recently completed financial years:

| Dividend Record Date | Amount per Common Share (C$) |
|---|---|
| December 16, 2019 | 0.052 |
| March 31, 2020 | 0.052 |
| June 30, 2020 | 0.052 |
| September 30, 2020 | 0.052 |
| December 31, 2020 | 0.052 |
| March 31, 2021 | 0.052 |
| June 30, 2021 | 0.052 |
| September 30, 2021 | 0.052 |
| December 30, 2021 | 0.052 |

## TRADING PRICE AND VOLUME

**Common Shares**

The Common Shares trade under the symbol "CNE" on the TSX. The following table sets out the price range (monthly high and low closing prices) of the Common Shares and consolidated volumes traded on the TSX for the periods indicated (as reported by the TSX).

| Period | High (C$) | Low (C$) | Volume |
|---|---|---|---|
| **2021** | | | |
| January | 3.820 | 3.530 | 4,937,368 |
| February | 3.800 | 3.370 | 3,320,199 |
| March | 3.740 | 3.400 | 4,790,613 |
| April | 3.810 | 3.425 | 4,678,335 |
| May | 3.520 | 3.190 | 5,336,718 |
| June | 3.530 | 3.230 | 4,458,666 |
| July | 3.400 | 3.140 | 2,272,551 |
| August | 3.405 | 2.940 | 4,267,816 |
| September | 3.600 | 3.230 | 3,568,807 |
| October | 4.090 | 3.390 | 4,608,980 |
| November | 3.930 | 3.080 | 5,172,049 |
| December | 3.350 | 3.050 | 3,505,831 |
| **2022** | | | |
| January | 3.380 | 3.050 | 10,954,245 |
| February | 3.350 | 3.120 | 4,940,085 |
| March 1-15 | 3.620 | 3.140 | 4,657,020 |

## PRIOR SALES

The following table summarizes the issuances of unlisted securities for the year ended December 31, 2021:

| Date of Issuance | Securities | Number of Common Shares Issued/Issuable or Aggregate Amount | Price/Exercise Price per Security (C$) |
|---|---|---|---|
| March 22, 2021 | Restricted Share Units(1) | 1,629,000 | 3.56 |
| December 7, 2021 | Deferred Share Units(2) | 71,350 | 3.33 |
| December 7, 2021 | Performance Share Units(2) | 960,000 | 3.33 |

**Notes:**

(1) Issued pursuant to the restricted share unit plan of the Corporation.
(2) Issued pursuant to the omnibus long term incentive plan of the Corporation, which was approved by the Shareholders on June 28, 2021 and replaced the stock option plan and restricted share unit plan of the Corporation.

## ESCROWED SECURITIES

The Corporation has no escrowed securities.

## DIRECTORS AND OFFICERS

The following table sets forth the names and municipalities of residence of the current directors and executive officers of the Corporation, their respective positions and offices with the Corporation and date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years.

| Name and Municipality of Residence and Position with Canacol | Director/Officer Since | Principal Occupation During the Last Five Years |
|---|---|---|
| Charle Gamba(4)(5)<br>President, Chief Executive Officer and Director<br>Bogotá, Colombia | October 30, 2008 | Mr. Gamba founded Canacol in 2008. Mr. Gamba has held a variety of technical and management roles with major and mid-sized international oil companies, with the majority of his professional career focused on exploration and production in South America. Prior to founding Canacol, Mr. Gamba was Vice President of Exploration for Occidental Oil & Gas Company based in Bogotá, Colombia. In his eight years with Occidental, he lived and worked in Ecuador, Qatar, Colombia, and the United States, working in a variety of technical and management roles. Mr. Gamba has also worked for Alberta Energy Company in Argentina and Ecuador, and for Canadian Occidental in Australia, Canada, and Indonesia. Mr. Gamba started his career as a geologist with Imperial Oil in Calgary, and holds an MSc and PhD in Geology. |

| Name and Municipality of Residence and Position with Canacol | Director/Officer Since | Principal Occupation During the Last Five Years |
| --- | --- | --- |
| Michael Hibberd(1)(2)(3)(5)<br>Chairman and Director<br>Calgary, Alberta, Canada | October 30, 2008 | For over 26 years, Mr. Hibberd has been Chairman and CEO of MJH Services Inc., a corporate finance advisory firm. Through MJH, Mr. Hibberd has been involved in numerous privatization and development projects in North America, Africa, the Middle East, Latin America and Asia. Mr. Hibberd spent over 12 years in Corporate Finance at ScotiaMcLeod and was a Senior Vice President and Director. He is currently Vice Chairman of Sunshine Oilsands Ltd. and Chairman of PetroFrontier Corp. and serves as a board member of Pan Orient Energy Corp. Formerly, he was Chairman of Heritage Oil Plc, Heritage Oil Corporation and Greenfields Petroleum Corporation; and former director of Montana Exploration Corp., Avalite Inc., Challenger Energy Corp., Deer Creek Energy, Iteration Energy Ltd., Rally Energy Corp., Sagres Energy, Skope Energy Inc. and Zapata Energy Corporation. |
| David Winter(2)(3)(4)(5)<br>Director<br>Calgary, Alberta, Canada | February 6, 2009 | Dr. Winter is the Chief Executive Officer and Director of each of Horizon Petroleum Ltd. and Miramar Hydrocarbons Ltd. He was a co-founder of Canacol in 2008. Previously, Dr. Winter was the Founder, Chief Executive Officer and Director of Excelsior Energy Limited, an oil sands focused exploration company. Dr. Winter brings 37 years of international experience in a variety of technical, management and leadership roles living and working in Latin America, Middle East, Southeast Asia and the UK North Sea. His experience was gained working at British Petroleum working in China, the UK North Sea, Indonesia and Australia, Sun Oil, Canadian Occidental (now Nexen) living and working in Yemen and Indonesia, Alberta Energy Company (now EnCana) where he was a member of the leadership team that grew its international business to over 60,000 boe/d, Calvalley Petroleum and Excelsior Energy Limited. Dr. Winter holds a Bachelor of Science degree in Geology from the University a London, a Master of Science degree in Structural Geology from Imperial College, University of London and PhD degree in Structural Geology from Edinburgh University. |
| Gregory D. Elliott(3)(4)<br>Director<br>Oakdale, Louisiana, USA | December 21, 2012 | Mr. Elliot is the past President and Founder of Workstrings International, a Superior Energy Services, Inc. (NYSE-SPN) company. Mr. Elliott started his career in 1981 at Chevron serving in various engineering positions both Domestic US and International through 1996. He served as a well test Engineer, frequently traveling to Africa, Europe and Southeast Asia before joining Chevron's International Drilling team in 1989 where he planned and drilled wells in Africa, Europe, Southeast Asia, Kazakhstan and South America. Mr. Elliott was a Charter member of Geoproduction Oil & Gas Company, founded in 2001. Mr. Elliott earned his degree in Petroleum Engineering in 1981 from Louisiana State University. |

| Name and Municipality of Residence and Position with Canacol | Director/Officer Since | Principal Occupation During the Last Five Years |
|---|---|---|
| Francisco Diaz(1)(3)(5)<br>Director<br>Bogotá, Colombia | January 16, 2015 | Mr. Diaz is currently the Managing Partner at Evolvere Capital, a Private Equity firm that manages various portfolio companies in Colombia and Latin America and Spain, and he is also the Chairman of the Board and head of the Audit Committee of Systemgroup, a financial services company which operates in seven Latin American countries and manages a loan portfolio of over $12 billion. Mr. Diaz was previously the President and CEO of Organización Corona (2004 to 2011), one of the largest private groups in Colombia. Prior to his association with Corona, he was with Monsanto Company in St. Louis, MO (1991 to 2003) where he held various executive positions among them President of the Global Food Ingredients Division, Corporate Vice President of Global Strategy in Chicago, IL and Vice President and General Manager for Latin America in Buenos Aires, Argentina. Mr. Diaz received a Bachelor of Science degree in Chemical Engineering from Northeastern University in Boston, MA and has a Master of Science in Business Management from Arthur D. Little School of Management in Cambridge, MA. He is also a graduate of the Advanced Executive Management Program from J. L. Kellogg Graduate School of Management of Northwestern University. |
| Gonzalo Fernández-Tinoco(1)(3)<br>Director<br>Caracas, Venezuela | November 8, 2018 | Mr. Fernández-Tinoco is currently the director of Fundacion Venezuela Sin Limites, a non-profit organization; Corporation Digitel, a telecom company; Produvisa, a glass bottle manufacturer; Maritime Contractors de Venezuela, an oil drilling company; DP Delta Servicios, oil services company; Petrodelta, a joint venture; Delta Finance; and Escuela Campo Alegre. Previously, Mr. Fernández-Tinoco served as General Manager of Microsoft Venezuela, Vice President of Telecel, a local partner for BellSouth; Farmahorro, Grupo Mistral, Televen, YPO and others. Mr. Fernández-Tinoco received a degree in law from Universidad Católica Andrés Bello, UCAB; and study management at IESA. |
| Ariel Merenstein(1)(2)<br>Director<br>São Paulo, Brazil | March 17, 2020 | Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail Capital, LP ("**Fourth Sail**"). Prior to founding Fourth Sail in 2019, he spent eleven years at Prince Street Capital Management, a global Emerging and Frontier markets fund, where he was a Partner on the Research team and the Portfolio Manager of the Prince Street Latin America Long/Short fund. In addition to his PM responsibilities, Mr. Merenstein oversaw the firm's investments in Latin America, and regularly reviewed global macroeconomics for the firm. Prior to joining Prince Street, Mr. Merenstein worked at Lehman Brothers and Bear Stearns. He is a magna cum laude graduate of the New York University Stern School of Business. He holds dual citizenship in Costa Rica, where he was born, as well as the United States. Mr. Merenstein is based in São Paulo, and is fluent in Spanish, Portuguese and English. |

| Name and Municipality of Residence and Position with Canacol | Director/Officer Since | Principal Occupation During the Last Five Years |
|---|---|---|
| Juan Argento(2)(5)<br>Director<br>Caracas, Venezuela | February 11, 2021 | Mr. Argento is currently one of two Managing Directors at Horizon Capital. Horizon Capital was founded in 2004 as an advisory and principal investment firm focused on the Latin American energy industry. Prior to joining Horizon, Mr. Argento was an advisor to Millennium Global, a London-based hedge fund group. Mr. Argento advised Millennium Global with regards to investments in public and private markets. He was particularly active in oil and gas, mining and agriculture. Prior to Millennium Global, Mr. Argento worked for Rubikon Partners, a mid-market private equity firm, focused on the European market. In 2000, Mr. Argento was the sole founder of Circulo Asegurador, one of the first online insurance brokers in South America, with operations in Brazil and Argentina. Prior to that, in 1997, Mr. Argento was an early recruit of Texas Pacific Group and worked for their Newbridge Latin America fund. He started his professional career in New York, working for Salomon Brothers. Mr. Argento graduated with honors in Economics from Harvard University. |
| Jason Bednar<br>Chief Financial Officer<br>Calgary, Alberta, Canada | December 1, 2015 | Mr. Bednar is a Chartered Professional Accountant with more than 25 years of direct professional experience in the financial and regulatory management of oil and gas companies listed on the TSX, TSX Venture Exchange, American Stock Exchange and Australia Stock Exchange. Mr. Bednar has been the Chief Financial Officer of several international oil and gas exploration companies and he has also previously sat on the board of directors of several internationally focused exploration and production companies, including Canacol from inception in 2008 until becoming Chief Financial Officer in 2015. Mr. Bednar began his career in the chartered accountancy firm of Brown Smith Owen in 1993 before moving into financial controller roles at oil production companies. Mr. Bednar holds a Bachelor of Commerce degree from the University of Saskatchewan. |
| Ravi Sharma<br>Chief Operating Officer<br>Bogotá, Colombia | October 1, 2015 | Mr. Sharma has 30 years of oil and natural gas experience in the Americas, Middle East, Russia, Australasia, and Africa. He has held senior management roles at major exploration and production companies worldwide. He was Head of Production & Operations with Afren Plc., Global Petroleum Engineering Manager for BHP Billiton Petroleum and Worldwide Chief Reservoir Engineer for Occidental Oil & Gas Company. Mr. Sharma holds a B.Sc. and M.Sc. in Mechanical Engineering from the University of Alberta. |
| Mark Teare<br>Senior Vice President of Exploration<br>Calgary, Alberta, Canada | January 12, 2009 | Mr. Teare has 35 years of experience with a number of senior international Canadian energy companies in Brazil, Ecuador, Colombia, Argentina, Australia, and Canada. Over the nine-year period prior to joining Canacol, Mr. Teare held a series of senior management roles at EnCana Corporation including Country Lead for Brazil, and Vice President of Exploration and Joint Ventures in Ecuador. Mr. Teare also held a variety of lead technical roles at Alberta Energy Company in Australia, and Home Oil Company in Argentina and Canada. Mr. Teare holds a Master of Science degree in Geology from McGill University. |

| Name and Municipality of Residence and Position with Canacol | Director/Officer Since | Principal Occupation During the Last Five Years |
|---|---|---|
| Anthony Zaidi<br>Vice President of Business Development, General Counsel and Corporate Secretary<br>Bogotá, Colombia | November 29, 2011 | Mr. Zaidi is a lawyer and businessman with significant experience in corporate finance and in the mining and energy sector in Colombia. Prior to joining Canacol, Mr. Zaidi was the President and General Counsel of Carrao, a private oil and gas exploration company he co-founded and co-managed until its acquisition by the Corporation in November 2011. Prior to Carrao, he had been an officer or director of several private and public companies, including Integral Oil Services, Pacific Rubiales Energy, Petromagdalena Energy, Medoro Resources and others, as well as a securities lawyer at Blake, Cassels & Graydon LLP. Mr. Zaidi holds a Juris Doctor degree from the University of Toronto as well as a Bachelor of Commerce (Finance) degree from McGill University. |
| Tracy Whitmore<br>Vice President Tax and Corporate Affairs<br>Calgary, Alberta, Canada | April 8, 2019 | Ms. Whitmore joined Canacol in 2013 as Director of Taxation and was appointed Vice President Tax and Corporate Affairs in April, 2019. Ms. Whitmore has over 25 years of experience in international tax planning and consulting. Prior to joining Canacol, she worked for a U.S. based technology company and at PwC as a Senior Manager in the International Tax Services Group helping clients with cross-border reorganizations, offshore financing and international acquisitions mainly in the energy industry. Ms. Whitmore is a Chartered Professional Accountant and holds an Honors in Business Administration degree from the Ivey Business School. |

**Notes:**

(1) Denotes Audit Committee members.
(2) Denotes Compensation Committee members.
(3) Denotes Corporate Governance and Nominating Committee members.
(4) Denotes Reserve Committee members.
(5) Denotes ESG Committee members.
(6) Each director will hold office until the next annual general meeting of Shareholders or until his successor is elected or appointed.

As at March 16, 2022, the directors and officers of Canacol, as a group beneficially own, directly or indirectly, approximately 4,260,383 of the outstanding Common Shares (approximately 2.5%). Ariel Merenstein, a director of the Corporation, is the Managing Partner and Portfolio Manager of Fourth Sail, which indirectly owns or controls 34,949,868 Common Shares (20.5%) as at March 16, 2022.

### Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no director, officer or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, within 10 years before the date of this Annual Information Form, has been, a director or executive officer of any corporation that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the corporation being the subject of a cease trade or similar order or an order that denied the relevant corporation access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Michael Hibberd was a director of Skope Energy Inc. (a TSX listed oil and gas company), which commenced proceedings in the Court of Queen's Bench of Alberta under the *Companies' Creditors Arrangement Act* (Canada) to implement a restructuring in November 2012, which was completed on February 19, 2013. Mr. Hibberd was a director of Montana Exploration Corp. at the time that an order was issued to suspend trading until its 2017 year end financial statements and MD&A were filed and compliance with TSX Venture Exchange requirements was confirmed. The order was issued by the Alberta Securities Commission on May 4, 2018. Mr. Hibberd is a non-executive Vice-Chairman of Sunshine Oil Sands Ltd. ("**Sunshine**"). On October 9, 2020, the Alberta Securities Commission issued an order for Sunshine to re-file its 2019 audited financial statements with an un-modified auditor's opinion. The order prevents insiders and control block persons from trading Sunshine shares on the Hong Kong Stock Exchange until revoked.

David Winter is a director and officer and Charle Gamba is a director of Horizon Petroleum Ltd. ("**Horizon**"). Horizon is subject to a cease trade order from the Alberta Securities Commission for failure to file its 2019 year end financial statements and MD&A. The cease trade order was issued on January 6, 2020 and, as at the date hereof, is still in effect.

Charle Gamba and Jason Bednar were formerly directors of Solimar Energy Limited ("**Solimar**") from September 12, 2011 and October 10, 2011, respectively, to December 12, 2014, upon which date all of the directors and officers resigned. On December 3, 2015, December 8, 2015 and December 21, 2015, the common shares of Solimar were cease traded by the Alberta Securities Commission, the British Columbia Securities Commission and the Ontario Securities Commission, respectively, as a result of the failure by Solimar to file various continuous disclosure documents, including interim financial statements and related management's discussion and analysis for the three-month period ended September 30, 2014, together with the related certification of filings thereto.

**Personal Bankruptcies**

No director, officer or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

**Penalties or Sanctions**

No director, officer or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

**Conflicts of Interest**

Certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. Some of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

## AUDIT COMMITTEE INFORMATION

The Audit Committee is a committee of the Board of Directors to which the Board of Directors delegates its responsibility for oversight of the financial reporting process. The Audit Committee is also responsible for managing, on behalf of the Shareholders, the relationship between the Corporation and the external auditor.

Pursuant to NI 52-110, the Corporation is required to disclose certain information with respect to its Audit Committee, as summarized below.

**Audit Committee Terms of Reference**

The Corporation must, pursuant to NI 52-110, have a written charter which sets out the duties and responsibilities of its Audit Committee. The terms of reference of the Audit Committee are attached hereto as Schedule C.

**Audit Committee Composition**

The following are the members of the Audit Committee:

| | | |
|---|---|---|
| Michael Hibberd(1) | Independent(2) | Financially Literate(2) |
| Francisco Diaz | Independent(2) | Financially Literate(2) |
| Ariel Merenstein | Independent(2) | Financially Literate(2) |
| Gonzalo Fernández-Tinoco | Independent(2) | Financially Literate(2) |

**Notes:**

(1) Chairman of the Audit Committee.
(2) As defined by NI 52-110.

**Relevant Education and Experience**

All of the members of the Audit Committee have been either directly involved in the preparation of the financial statements, filing of quarterly and annual financial statements, dealing with auditors, or as a member of the Audit Committee. All members have the ability to read, analyze and understand the complexities surrounding the issuance of financial statements.

***Michael Hibberd, B.A., M.B.A. and LL.B***

Mr. Hibberd is Chairman and Chief Executive Officer of MJH Services Inc., a corporate finance advisory business established in 1995; Vice-Chairman of Sunshine Oilsands Ltd.; director of PanOrient Energy Corp. and PetroFrontier Corp.; former Chairman of Heritage Oil Plc, Heritage Oil Corporation and Greenfields Petroleum Corporation; and former director of Montana Exploration Corp., Avalite Inc., Challenger Energy Corp., Deer Creek Energy, Iteration Energy Ltd., Rally Energy Corp., Sagres Energy, Skope Energy Inc. and Zapata Energy Corporation. Mr. Hibberd spent 12 years in corporate finance with ScotiaMcLeod and was Senior Vice President, Corporate Finance and a Director.

***Francisco Diaz, B.Sc., M.Sc.***

Mr. Diaz is Managing Partner at Evolvere Capital, a Private Equity firm that manages various portfolio companies in Colombia, Latin America and Spain. Mr. Diaz is the Chairman of the board and head of the audit committee of Systemgroup, a financial services company which operates in seven Latin American countries and manages a loan portfolio of over $12 billion. From 2004 to 2011, Mr. Diaz was President and CEO of Organización Corona, one of the largest private groups in Colombia. Prior to his association with Corona, he was with Monsanto Company in St. Louis, MO (1991 to 2003) where he held various executive positions among them President of the Global Food Ingredients Division, Corporate Vice President of Global Strategy in Chicago, IL and Vice President and General Manager for Latin America in Buenos Aires, Argentina. Mr. Diaz received a Bachelor of Science degree in Chemical Engineering from Northeastern University in Boston, MA and has a Master of Science in Business Management from Arthur D. Little School of Management in Cambridge, MA. He is also a graduate of the Advanced Executive Management Program from J. L. Kellogg Graduate School of Management of Northwestern University.

***Ariel Merenstein, B.Sc.***

Mr. Merenstein is the Managing Partner and Portfolio Manager of Fourth Sail. Prior to founding Fourth Sail in 2019, he spent eleven years at Prince Street Capital Management, a global Emerging and Frontier markets fund, where he was a Partner on the Research team and the Portfolio Manager of the Prince Street Latin America Long/Short funds. In addition to his PM responsibilities, Mr. Merenstein oversaw the firm's investments in Latin America, and regularly reviewed global macroeconomics for the firm. Prior to joining Prince Street, Mr. Merenstein worked at Lehman Brothers and Bear Stearns. He is a magna cum laude graduate of the New York University Stern School of Business.

***Gonzalo Fernández-Tinoco, EMBA, LL.B***

Mr. Fernández-Tinoco is currently the director of Fundacion Venezuela Sin Limites, a non-profit organization; Corporation Digitel, a telecom company; Produvisa, a glass bottle manufacturer; Maritime Contractors de Venezuela, an oil drilling company; DP Delta Servicios, oil services company; Petrodelta, a joint venture; Delta Finance; and Escuela Campo Alegre. Previously, Mr. Fernández-Tinoco served as General Manager of Microsoft Venezuela, Vice President of Telecel, a local partner for BellSouth; Farmahorro, Grupo Mistral, Televen, YPO and others. Mr. Fernández-Tinoco received a degree in law from Universidad Católica Andrés Bello, UCAB; and study management at IESA.

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on:

(a) the exemption in section 2.4 of NI 52-110 (De Minimis Non-audit Services);

(b) the exemption in section 3.2 of NI 52-110 (Initial Public Offerings);

(c) the exemption in section 3.4 of NI 52-110 (Events Outside Control of Members);

(d) the exemption in section 3.5 of NI 52-110 (Death, Disability or Resignation of Audit Committee Members); or

(e) an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

**Reliance on the Exemption in Subsection 3.3(2) or Section 3.6**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on:

(a) the exemption in subsection 3.3(2) of NI 52-110 (Controlled Companies); or

(b) the exemption in section 3.6 of NI 52-110 (Temporary Exemption for Limited and Exceptional Circumstances).

**Reliance on Section 3.8**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied section 3.8 of NI 52-110 (Acquisition of Financial Literacy).

**Audit Committee Oversight**

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

**Pre-Approval Policies and Procedures**

The Audit Committee had adopted specific policies and procedures for the engagement of non-audit services as described under the heading "*External Auditors*" in the terms of reference of the Audit Committee as attached hereto as Schedule C.

**External Auditor Service Fees**

The fees billed by the Corporation's external auditors in each of the last two fiscal years for audit and other fees are as follows:

| Financial Year Ending | Audit Fees(1) ($) | Audit Related Fees(2) ($) | Tax Fees(3) ($) | All Other Fees(4) ($) |
|---|---|---|---|---|
| December 31, 2021 | 630,823 | - | - | - |
| December 31, 2020 | 746,201 | - | - | - |

**Notes:**

(1) Audit fees include fees necessary to perform the annual audit and quarterly reviews of the Corporation's consolidated financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) Audit-related fees include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) Tax fees include fees for all tax services other than those included in audit fees and audit-related fees. This category includes fees for tax compliance, tax planning and tax advice.

(4) All other fees include fees for products and services provided by the Auditor, other than the services reported above.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings to which the Corporation is a party or of which any of its property is the subject and there are no such proceedings known to the Corporation to be contemplated. In addition, there were no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2021, no other penalties or sanctions imposed by a court or regulatory body against the Corporation that would likely be considered important to a reasonable investor in making an investment decision, and no settlement agreements entered into by the Corporation with a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2021.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any Shareholder holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed financial years or during the current financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

## TRANSFER AGENT AND REGISTRARS

The transfer agent and registrar for the Common Shares is Olympia Trust Company at its principal office in Calgary, Alberta, Canada.

## MATERIAL CONTRACTS

There are no material contracts entered into by Canacol within the most recently completed financial year, or before the most recently completed financial year but which are still in effect, other than contracts entered into in the ordinary course of business.

## INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under NI 51-102 by the Corporation during, or related to, the Corporation's most recently completed financial year other than BGEC, the Corporation's independent engineering evaluator, and KPMG LLP, the Corporation's external auditors.

As at the date of hereof, the principal reserve evaluators of BGEC, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

KPMG LLP have confirmed that they are independent of the Corporation within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

## RISK FACTORS

A potential investor should carefully consider the factors set forth below in deciding whether to invest in the securities of Canacol. An investment in securities of Canacol is suitable only to those investors who are willing to risk the loss of their entire investment. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of management of Canacol. An investment in the securities of Canacol is speculative and involves a high degree of risk due to the nature of Canacol's involvement in the business of exploration for petroleum and natural gas. The following are certain risk factors relating to the business of Canacol which prospective investors should carefully consider before deciding whether to purchase securities of Canacol. The following is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form.

**The COVID-19 Pandemic**

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The COVID-19 pandemic has negatively impacted the Canadian, Colombian and global economies; disrupted global supply chains; disrupted financial markets; contributed to a decrease in interest rates; resulted in ratings downgrades, credit deterioration and defaults in many industries; forced the closure of many businesses, led to loss of revenues, increased unemployment and bankruptcies; and necessitated the imposition of quarantines, physical distancing, business closures, travel restrictions, and sheltering-in-place requirements. If the pandemic is prolonged, including through subsequent waves, or if additional variants of COVID-19 emerge which are more transmissible or cause more severe disease, or if other diseases emerge with similar effects, the adverse impact on the economy could worsen. Moreover, it remains uncertain how the macroeconomic environment, and societal and business norms will be impacted following the COVID-19 pandemic. Unexpected developments in financial markets, regulatory environments, or consumer behaviour may also have adverse impacts on Canacol's results, business, financial condition or liquidity, for a substantial period of time.

Canacol's business, financial condition, results of operations, cash flows, access to capital, cost of borrowing, and/or access to liquidity may, in particular, and without limitation, be adversely impacted as a result of the pandemic and/or decline in commodity prices as a result of:

- the shut-down of facilities or the delay or suspension of work on projects due to workforce disruption or labour shortages caused by workers becoming infected with COVID-19, or government or health authority mandated restrictions on travel by workers or closure of facilities or worksites;
- suppliers and third-party vendors experiencing similar workforce disruption or being ordered to cease operations;
- reduced cash flows resulting in less funds from operations being available to fund capital expenditure budgets;
- reduced commodity prices resulting in a reduction in the volumes and value of reserves;
- counterparties being unable to fulfill their contractual obligations on a timely basis or at all;
- the inability to deliver products to customers or otherwise get products to market caused by border restrictions, road or port closures or pipeline shut-ins; and
- the ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, commodity prices and/or a change in market fundamentals.

The COVID-19 pandemic has also created additional operational risks for the Corporation, including the need to: provide enhanced safety measures for its employees and customers; comply with rapidly changing regulatory guidance; and address the risk of cybersecurity threat behaviour and protect the integrity and functionality of the Corporation's systems, networks, and data as a larger number of employees work remotely. In addition to the foregoing risks, certain risks discussed below may be also exacerbated as a result of the COVID-19 pandemic.

The full extent of the risks surrounding the COVID-19 pandemic is continually evolving and the extent to which the COVID-19 pandemic continues to impact the Corporation's results, business, financial condition or liquidity will depend on future developments in Canada, Colombia and globally, including the development and widespread availability of efficient and accurate testing options, and effective treatment options or vaccines.

**Risks Related to the Industry and the Business of Canacol**

***Fluctuating Gas Prices***

For the year ended December 31, 2021, the sale of natural gas accounted for approximately 99% of the Corporation's total revenue. The price of natural gas is affected by myriad factors beyond the Corporation's control. These include (without limitation):

- international and domestic supply and demand;
- international and domestic economic and political trends;
- international and domestic conflict and terrorist threats;
- hydrological and meteorological conditions;
- availability of transportation facilities;
- gas and energy legislation and regulation;
- local and national taxes;
- the level of natural gas-producing activities, particularly in the Middle East, Africa, Russia, South America and the United States;
- the level of global natural gas exploration and production activity;
- the level of global natural gas inventories;
- availability of markets for natural gas;
- weather conditions and other natural disasters;
- technological advances affecting energy production or consumption;
- domestic and foreign governmental laws and regulations, including environmental, health and safety laws and regulations;
- availability and prices of alternative energy sources;
- political circumstances in oil and gas producing countries; and
- the effects of the COVID-19 pandemic.

Any material fluctuations in natural gas prices could adversely affect the Corporation's cash flows, financial condition and results of operations. Lower commodity prices may also affect the volume and value of the Corporation's natural gas reserves especially as certain reserves become uneconomic.

The Corporation has generally entered, and may in the future enter, into agreements to receive fixed prices on its natural gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases. Further, there is no guarantee that certain offtakers, such as the government of Colombia, will not attempt to renegotiate contract prices on certain fixed price contracts during a low commodity price environment.

***Inability to Market Gas Production and Change in Gas Sale Prices***

The marketability of gas production from Canacol's projects may be affected by numerous factors beyond Canacol's control, including, but not limited to, market fluctuations of prices, minimum volume commitments requirements, proximity and capacity of pipelines, increased competition, the availability of upgrading and processing facilities, equipment availability and Colombian government regulations (including, without limitation, regulations relating to prices, taxes, royalties, allowable production, importing and exporting of oil, natural gas and environmental protection). Canacol currently sells the vast majority of the gas it produces pursuant to the Esperanza E&E Contract, the VIM 5 E&P Contract and the VIM 21 E&P Contract to 13 third parties pursuant to gas sale contracts. If these gas sale contracts were to be terminated for any reason, Canacol may be unable to enter into a relationship with other purchasers for such gas on a timely basis or on similar or acceptable terms. Canacol's results of operations and financial condition are dependent on its ability to market its production and on the prices received for its gas and any change to price or the Corporation's gas sale contracts may impact earnings.

***Risks Associated with the Exploration for and Production of Natural Gas***

Natural gas exploration involves a high degree of risk, which even with a combination of experience, knowledge and careful evaluation, the Corporation may not be able to manage successfully. The commercial viability of a new hydrocarbon pool depends upon a number of factors that are inherent to reserves, such as (without limitation):

- the proximity of appropriate infrastructure;
- extraction challenges owing to the particular geology of the formations holding the reserves;
- regulatory issues;
- taxes, royalties, land tax, import and export duties; and
- labor and environmental protection issues.

It is also difficult to project the costs of implementing an exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various adverse drilling conditions (such as over pressured zones and tools lost in the drill hole) and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. The individual impact generated by these factors cannot be predicted with any certainty and, once combined, may result in non-economical reserves.

If the Corporation's operations and/or investments in Colombia are disrupted and/or the economic integrity of these projects is threatened for unexpected reasons, its business may experience a setback. These unexpected events may be due to technical difficulties, operational difficulties which impact the production, transport or sale of products, geographic and weather conditions, business reasons or otherwise.

In addition, the Corporation remains subject to the normal risks inherent to the natural gas industry, such as unusual and unexpected geological changes in the parameters and variables of the petroleum system and operations and the inherent riskiness of operations. If exploration costs exceed estimates, or if exploration efforts do not produce satisfactory results, future exploration efforts may not be commercially successful, which could adversely impact the Corporation's ability to generate future revenues from operations.

***Reserve Estimates***

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves and cash flows to be derived therefrom, including many factors beyond the control of Canacol. The reserve and cash flow information set forth in this Annual Information Form represent estimates only. The reserves and estimated future net cash flows from Canacol's properties have been independently evaluated by BGEC with an effective date of December 31, 2021. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs, abandonment and salvage values, royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts that are in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Canacol. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. Due to the limited history of Canacol's producing wells, reserves have been estimated on a volumetric basis.

The present value of estimated future net cash flows referred to herein should not be construed as the current market value of estimated oil and natural gas reserves attributable to Canacol's properties. The estimated discounted future cash flows from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net cash flows will also be affected by factors such as the amount and timing of actual production, supply and demand for oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations or taxation.

***Development of Natural Gas Reserves on an Economically Viable Basis***

To the extent that the Corporation succeeds in discovering or acquiring additional natural gas reserves, these reserves may not achieve projected production levels or be available in sufficient quantities to be commercially viable. The Corporation's long-term viability depends on its ability to find or acquire, develop and commercially produce additional gas reserves. Without the addition of reserves through exploration, acquisition or development activities, reserves and production will decline over time as reserves are produced and as licenses expire. The Corporation's future reserves will depend not only on its ability to develop its current properties, but also on its ability to identify and acquire additional suitable producing properties or prospects, to find markets for natural gas produced and to effectively distribute production into the market.

There are risks associated with the Corporation's business and operations that may result in production growth uncertainty, which include (without limitation) the following:

- expiration or termination of leases, permits or licenses, or sales price redeterminations or suspension of deliveries;
- future litigation;
- the timing and amount of insurance recoveries;
- work stoppages or other labor difficulties;
- worker vacation schedules and related maintenance activities; and
- changes in the market and general economic conditions.

Weather conditions, equipment replacement or repair, fires, amounts of rock and other natural materials and geological conditions can have a significant impact on operating results.

Future natural gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shutdowns of connected wells resulting from extreme weather conditions, problems in distribution and adverse geological and mechanical conditions. While the Corporation may obtain insurance in an amount expected to be adequate to cover any such adverse conditions, the nature of these risks is such that liabilities might exceed policy limits, the liabilities and hazards might not be insurable, or high premium costs may lead to a determination not to insure against specific risks, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition and results of operations.

Although the Corporation will endeavor to effectively manage the risks and conditions summarized above, the Corporation cannot be assured of doing so optimally, and will not be able to eliminate them completely in any case. Therefore, these risks and conditions could diminish revenue and cash flow levels and result in the impairment of the Corporation's natural gas interests.

***Cost Overruns and Delays for Natural Gas Projects***

Natural gas projects may experience capital cost increases and overruns due to, among other factors, the unavailability or high cost of drilling rigs and other essential equipment, supplies, personnel, among others. The cost to execute projects may not be properly established and remains dependent upon a number of factors, including the completion of detailed cost estimates and final engineering, contracting and procurement costs. Development of projects may be materially adversely affected by one or more of the following factors:

- shortages of equipment, materials and labor;
- fluctuations in the prices of construction materials;
- delays in delivery of equipment and materials;
- labor disputes;
- political events;
- title problems;
- obtaining easements and rights of way;
- blockades or embargoes;
- litigation;
- compliance with governmental laws and regulations, including environmental, health and safety laws and regulations;
- adverse weather conditions;
- unanticipated increases in costs;
- natural disasters;
- epidemics or pandemics;
- accidents;
- transportation;
- unforeseen engineering and drilling complications;
- delays during prior consultation processes;
- delays attributable to the operator of the project;
- environmental or geological uncertainties; and
- other unforeseen circumstances.

Any of these events or other unanticipated events could give rise to delays in development and completion of the Corporation's projects and cost overruns. Delays in the construction and commissioning of projects or other technical difficulties may result in future projected target dates for production being delayed or further capital expenditures being required. These projects may often require the use of new and advanced technologies, which can be expensive to develop, purchase and implement and may not function as expected. Such uncertainties and operating risks associated with development projects could have a material adverse effect on the Corporation's business, results of operations or financial condition.

***Gathering and Processing Facilities and Pipeline Systems***

The Corporation delivers its products through gathering, processing and pipeline systems some of which it does not own. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering, processing and pipeline systems. The lack of availability of capacity in any of the gathering, processing and pipeline systems could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price offered for the Corporation's production. Although pipeline expansions in Colombia are ongoing, the lack of firm pipeline capacity continues to affect the oil and natural gas industry and limit the ability to produce and to market oil and natural gas production. Any significant change in market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm the Corporation's business and, in turn, the Corporation's financial condition, results of operations and cash flows. For example, the Corporation entered into an agreement with Promigas to expand its existing gas distribution network as well as take or pay gas sales contracts with existing and new consumers to coincide with the additional pipeline capacity; however, in the event the Corporation is unable to meet its obligations under the agreement with Promigas due to a lack of sales or its obligations under the take or pay gas sales contracts due to a delay in the construction of the distribution network, the Corporation may be required to pay fees under these agreements, which will result in a decrease in profitability.

***The Medellin Pipeline may not enter service as projected***

A significant portion of the Corporation's expected future production is expected to be transported into the interior market via the Medellin Pipeline. There is no assurance that the Medellin Pipeline will be completed within the timeline projected or at all. If the Medellin Pipeline is delayed or not constructed, Canacol may not be able to meet its projected operational or financial performance.

***Canacol may not be able to locate equity partners to develop or acquire the Medellin Pipeline***

The Corporation is currently the primary developer of the Medellin Pipeline; however, the transport of natural gas is not its business priority and the Corporation is considering potential equity partners to develop it. In addition, if more than 10% of total operational capacity of the Medellin Pipeline is used to serve regulated demand upon commercial operation, the Corporation will be required to divest its ownership interest such that it owns no more than 24.9% of the equity of the company that owns the Medellin Pipeline. There can be no assurance that the Corporation will be able to identify and contract with joint venture partners to purchase interests in the Medellin Pipeline on acceptable terms, either during the development stage, or during commercial operation if the Corporation is required to divest its ownership interest in accordance with Colombian regulation.

***Canacol may not be successful accessing the interior market once the Medellin Pipelines enters service***

The Corporation is developing the Medellin Pipeline as a means of accessing the interior market, the largest market for natural gas in Colombia, including the large cities of Medellin, Bogotá and Cali. There can be no assurance that it will be successful contracting for the sales of volumes above those already committed to EPM. Moreover, accessing the interior market beyond Medellin would require the Corporation to contract for space on other pipelines that currently bring natural gas to Medellin, the flow on some of which would need to be reversed to enable its gas to flow beyond Medellin to Cali, Bogotá and other interior markets. If the Corporation is not able to sell additional natural gas in the interior market beyond that contracted by EPM or secure the required transportation capacity to move that gas beyond Medellin, its financial results could materially and adversely be affected.

***Operational Risks with Pipelines***

Operational risks include: pipeline leaks; the breakdown or failure of equipment, pipelines and facilities, information systems or processes; the compromise of information and control systems; the performance of equipment at levels below those originally intended (whether due to misuse, unexpected degradation or design, construction or manufacturing defects); spills at truck terminals and hubs; spills associated with the loading and unloading of harmful substances onto rail cars and trucks; failure to maintain adequate supplies of spare parts; operator error; labour disputes; disputes with interconnected facilities and carriers; operational disruptions or apportionment on third party systems or refineries which may prevent the full utilization of the pipeline; and catastrophic events including but not limited to natural disasters, fires, floods, explosions, train derailments, earthquakes, acts of terrorists and saboteurs, and other similar events, many of which are beyond the control of the Corporation. Canacol may also be exposed from time to time, to additional operational risks not stated in the immediately preceding sentences. The occurrence or continuance of any of these events could increase the cost of operating the Corporation's pipelines or reduce revenue, thereby impacting earnings.

***Availability of Drilling Equipment and Access Restrictions***

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Canacol and may delay exploration and development activities. There can be no assurance that sufficient drilling and completion equipment, services and supplies will be available when needed. Shortages could delay Canacol's proposed exploration, development, and sales activities and could have a material adverse effect on Canacol's financial condition. If the demand for, and wage rates of, qualified rig crews rise in the drilling industry then the oil and natural gas industry may experience shortages of qualified personnel to operate drilling rigs. This could delay Canacol's drilling operations and adversely affect Canacol's financial condition and results of operations. To the extent Canacol is not the operator of its properties, Canacol will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

### *Uninsurable Risks*

In the course of exploration, development and production of oil and gas properties, certain risks, and in particular, blow-outs, pollution, craterings, fires and oil spills and premature decline of reservoirs and invasion of water into producing formations may occur all of which could result in personal injuries, loss of life and damage to property of Canacol and others. Hazards such as unusual or unexpected geological formations, pressures or other conditions may be encountered in drilling and operating wells. Although Canacol intends to obtain insurance to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not, in all circumstances, be insurable or, in certain circumstances, Canacol may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to Canacol. The occurrence of a significant event that Canacol is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Canacol's financial position, results of operations or prospects. There can be no assurance that insurance will be available in the future.

### *Additional Financing*

Depending on future exploration, development, acquisition and divestiture plans, Canacol may require additional financing. The ability of Canacol to arrange any such financing in the future will depend in part upon the prevailing capital market conditions, risk associated with the international operations, as well as the business performance of Canacol. Periodic fluctuations in energy prices may affect lending policies of Canacol's lenders for new borrowings, if available. This in turn could limit growth prospects in the short run or may even require Canacol to dedicate cash flow, dispose of properties or raise new equity to continue operations under circumstances of declining energy prices, disappointing drilling results, or economic or political dislocation in foreign countries. There can be no assurance that Canacol will be successful in its efforts to arrange additional financing on terms satisfactory to Canacol. If additional financing is raised by the issuance of shares from treasury of Canacol, control of Canacol may change and Shareholders may suffer additional dilution.

From time to time Canacol may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may temporarily increase Canacol's debt levels above industry standards.

### *Debt Matters*

The Corporation relies on debt financing for some of its business activities, including capital and operating expenditures. There are no assurances that the Corporation will be able to refinance any or all of its borrowings at their maturity. In addition, there are no assurances that the Corporation will be able to comply at all times with the covenants applicable under its current borrowings; nor are there assurances that the Corporation will be able to secure new financing that may be necessary to finance its operations and capital growth program. Any failure of the Corporation to secure refinancing, to obtain new financing or to comply with applicable covenants under its borrowings could have a material adverse effect on the Corporation's financial results. Further, any inability of the Corporation to obtain new financing may limit its ability to support future growth.

The Corporation believes that its existing credit arrangements will be sufficient for its immediate requirements and has no reason to believe that it will not be able to refinance on commercially reasonable terms. However, continued uncertainty in the global economic situation means the Corporation, along with other oil and gas companies, may have restricted access to capital and increased borrowing costs. The Corporation's ability to raise debt is dependent upon, among other factors, the overall state of the capital markets and investor appetite for investments in the energy industry generally and in the Corporation's securities in particular. The ability to make scheduled payments on or to refinance debt obligations depends on the financial condition and operating performance of the Corporation, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond its control. As a result, the Corporation may be unable to maintain a level of cash flow from operations sufficient to permit it to pay the principal, premium, if any, and interest on its indebtedness. These conditions could have an adverse effect on the industry in which the Corporation operates and its business, including future operating and financial results. There can be no assurance that the Corporation's cash flow will be adequate for future financial obligations or that additional funds will be able to be obtained.

***Operational Constraints Due to Debt***

The Corporation has a significant amount of indebtedness, particularly with respect to the 2021 Senior Note Indenture and the 2020 Bridge Loan, and this level of indebtedness could materially and adversely affect it in a number of ways. For example, it could:

1. make it more difficult for the Corporation to conduct its operations;
2. increase the Corporation's vulnerability to general adverse economic and industry conditions;
3. require the Corporation to dedicate a portion of its future cash flow from operations to service payments on its indebtedness, thereby reducing the availability of the Corporation's future cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
4. limit the Corporation's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
5. place the Corporation at a competitive disadvantage compared to its competitors that have less debt; and
6. limit the Corporation's ability to borrow additional funds on commercially reasonable terms, if at all, to meet its operating expenses and for other purposes.

***Cash Dividends Are Not Guaranteed***

Dividends are not guaranteed and will fluctuate with the performance of the Corporation and its subsidiaries. The Board of Directors has the discretion to determine the amount of dividends to be declared and paid to Shareholders each quarter. In determining the level of dividends, the Board of Directors will take into consideration numerous factors, including current and expected future levels of earnings; cash flow from operating activities; income taxes; maintenance capital; growth capital expenditures; debt repayments; working capital requirements; current and potential future environmental liabilities; the impact of interest rates and/or foreign exchange rates; natural gas, NGL and crude oil prices; and other factors. The Corporation's short- and long-term borrowings prohibit the Corporation from paying dividends at any time at which a default or event of default would exist under such debt, or if a default or event of default would exist as a result of paying the dividend (see "*Risk Factors – Debt Matters*").

If external sources of capital, including borrowings and the issuance of additional Common Shares, become limited or unavailable on commercially reasonable terms, the Corporation's ability to sustain its dividends and make the necessary capital investments to maintain or expand its business may be impaired. The extent to which the Corporation is required to use cash flow from operating activities to finance capital expenditures or acquisitions may reduce the distributable cash flow available to declare and pay dividends to Shareholders. Dividends may be increased, reduced, suspended or eliminated entirely depending on the Corporation's operations and the performance of its assets and businesses.

### *Weakness in the Oil and Gas Industry*

Market events and conditions, including the COVID-19 pandemic, global excess oil and natural gas supply, actions taken by the Organization of Petroleum Exporting Countries (OPEC), slowing growth in China and other emerging economies, market volatility and disruptions in Asia and Russia, and sovereign debt levels in various countries, could cause significant weakness and volatility in commodity prices. These events and conditions could cause a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. Lower commodity prices may also affect the volume and value of the Corporation's reserves especially as certain reserves become uneconomic. In addition, lower commodity prices could restrict the Corporation's cash flow resulting in a reduced capital expenditure budget. As a result, the Corporation would not be able to replace its production with additional reserves and both the Corporation's production and reserves could be reduced on a year over year basis. Any decrease in value of the Corporation's reserves may reduce the borrowing base under its credit facilities, which, depending on the level of the Corporation's indebtedness, could result in the Corporation having to repay a portion of its indebtedness.

### *Russia-Ukraine Conflict*

On February 24, 2022, Russian military forces launched a full-scale military invasion of Ukraine. In response, Ukrainian military personal and civilians are actively resisting the invasion. Many countries throughout the world have provided aid to the Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in their resistance to the Russian invasion. The North Atlantic Treaty Organization ("**NATO**") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. The outcome of the conflict is uncertain and is likely to have wide ranging consequences on the peace and stability of the region and the world economy. Certain countries including Canada and the United States, have imposed strict financial and trade sanctions against Russia and such sanctions may have far reaching effects on the global economy. In addition, the German government paused the certification process for the 1,200 km Nord Stream 2 natural gas pipeline that was built to carry natural gas from Russia to Germany. As Russia is a major exporter of oil and natural gas, the disruption of supplies of oil and natural gas from Russia could cause a significant worldwide supply shortage of oil and natural gas and significantly impact pricing of oil and gas worldwide. A lack of supply and high prices of oil and natural gas could have a significant adverse impact on the world economy; however, such volatility in natural gas prices would not initially affect Canacol given that it has generally entered into agreements to receive fixed prices on its natural gas production. The long-term impacts of the conflict and the sanctions imposed on Russia remain uncertain.

### *Alternatives to/Changing Demand for Petroleum Products*

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices will reduce the demand for crude oil, natural gas and other liquid hydrocarbons. Canacol cannot predict the impact of changing demand for oil and natural gas products and any major changes would have a material adverse effect on Canacol's business, financial condition, results of operations and cash flow.

### *Reserve Replacement*

Canacol's oil and natural gas reserves and production, and therefore its cash flows and earnings derived therefrom are highly dependent upon Canacol developing and increasing its current reserve base and discovering or acquiring additional reserves. Without the addition of reserves through exploration, acquisition or development activities, Canacol's reserves and production will decline over time as reserves are depleted. To the extent that cash flow or net revenue from operations is insufficient and external sources of capital become limited or unavailable, Canacol's ability to make the necessary capital investments to maintain and expand its oil and natural gas reserves will be impaired. There can be no assurance that Canacol will be able to find and develop or acquire additional reserves to replace production at commercially feasible costs.

### *Competition in Obtaining Rights to Explore and Develop Oil and Gas Reserves*

The oil and gas industry is highly competitive. Other oil and gas companies will compete with the Corporation by bidding for exploration and production licenses and other properties and services the Corporation will need to operate its business in the countries in which it expects to operate. Additionally, other companies engaged in the Corporation's line of business may compete with the Corporation from time to time in obtaining capital from investors. Competitors include larger companies, which, in particular, may have access to greater resources than the Corporation, may be more successful in the recruitment and retention of qualified employees and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests. In the event that the Corporation does not succeed in negotiating additional property acquisitions, its future prospects will likely be substantially limited, and its financial condition and results of operations may deteriorate.

### *Permits and Licenses*

The operations of Canacol may require licenses and permits for various governmental authorities. There can be no assurance that Canacol will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and operations of its projects.

### *Minimum Work Commitments on Exploration Blocks*

Canacol must fulfill certain minimum work commitments on certain projects in Colombia as outlined herein. There are no assurances that all of these commitments will be fulfilled within the time frames allowed. As such, Canacol may lose certain exploration rights on the blocks affected and may be subject to certain financial penalties that would be levied by the applicable governmental authority. However, the Corporation has the right to request suspensions or extensions due to force majeure events.

### *No Assurance of Title*

Title to or rights in oil and gas is often not susceptible of determination without incurring substantial expense. Title to oil and gas properties may involve certain inherent risks due to problems arising from the ambiguous conveyancing history characteristic of many such properties. Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of Canacol which could result in a reduction of the revenue received by Canacol. In civil law jurisdictions like Colombia, legal title is not perfected until such time as the appropriate governmental authorities approve the assignment of a participating interest, record the title holder in the applicable registry and issue a decree. This process can take time, even several years. As a result, it is common business practice for commercial parties to proceed with the completion of a purchase and sale transaction, notwithstanding the fact that governmental approval may take years to properly reflect these business dealings. In these cases, title review due diligence involves ensuring that the current title holder has started the different authorization procedures, and also involves an update as to the status of the required authorizations.

### *Environmental Concerns*

The Corporation is subject to environmental laws and regulations that affect aspects of its past, present and future operations. Extensive national, regional and local environmental laws and regulations in Colombia affect nearly all of the Corporation's operations. These laws and regulations set various standards regulating certain aspects of environmental quality, including air emissions, water quality, wastewater discharges and the generation, transport and disposal of waste and hazardous substances; provide for penalties and other liabilities for the violation of such standards; and establish in certain circumstances obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation.

Environmental legislation also requires that wells, facility sites and pipeline rights of way be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines, injunctions and penalties, some of which may be material. Environmental legislation is evolving in a manner that the Corporation expects may result in stricter standards and enforcement, larger fines and liabilities and potentially increased capital expenditures and operating costs. The application of environmental laws to the Corporation's business may cause it to curtail its production or increase the costs of its production, development or exploration activities.

The discharge of natural gas or other pollutants into the air, soil or water may give rise to liabilities to the Colombian government and third parties and may require the Corporation to incur costs to remedy such discharge. Given the nature of the Corporation's business, it faces inherent risks of hazardous spills occurring at its drilling and operation sites. Large natural gas liquids, oil and other hazardous product spills can result in significant clean-up costs, as well as costs related to fines and penalties imposed by the environmental authorities. Hazardous product spills can occur from operational issues, such as operational failure, accidents and deterioration and malfunctioning of equipment. In Colombia, hazardous product spills can also occur as a result of sabotage and pipeline damage. All of these may lead to significant potential environmental liabilities, such as clean-up and litigation costs, which may materially adversely affect the Corporation's financial condition, cash flows and results of operations. Depending on the cause and severity of a hazardous product spill, the Corporation's reputation may also be adversely affected, which could limit its ability to obtain permits and affect its future operations.

***Pending Regulations Related to Emissions***

Governments around the world have become increasingly focused on regulating GHG emissions and addressing the impacts of climate change in some manner. GHG emissions legislation is emerging and is subject to change. For example, on an international level, almost 200 nations agreed in December 2015, to an international climate change agreement in Paris, France (the "**Paris Agreement**"), that calls for countries to set their own GHG emission targets and be transparent about the measures each country will use to achieve its GHG emission targets. Colombia signed the Paris Agreement. In addition, Colombia has established the National Energy Efficiency Program, which calls for electric utilities, oil and gas companies, and other energy service companies to develop Energy Efficiency Plans to meet goals set forth by the Ministry and the Mining and Energy Planning Unit. Although it is not possible at this time to predict how legislation or new regulations that may be adopted to address GHG emissions would impact the Corporation's business, any such future laws and regulations that limit emissions of GHGs could adversely affect demand for the oil and natural gas produced by the Corporation.

Current GHG emissions legislation has not resulted in material compliance costs, however, it is not possible at this time to predict whether proposed legislation or regulations will be adopted, and any such future laws and regulations could result in additional compliance costs or additional operating restrictions. If the Corporation is unable to recover a significant level of its costs related to complying with climate change regulatory requirements imposed on the Corporation, it could have a material adverse impact on the Corporation's business, financial condition and results of operations. In addition, significant restrictions on GHG emissions could result in decreased demand for the oil and natural gas produced by the Corporation, with a resulting decrease in the value of the Corporation's reserves. Further, to the extent financial markets view climate change and GHG emissions as a financial risk, this could negatively impact the Corporation's cost of or access to capital. Finally, some scientists have concluded that increasing concentrations of GHGs in the Earth's atmosphere may produce climate changes that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other extreme climatic events; if such effects were to occur, they could have an adverse effect on the operations of the Corporation.

***Penalties***

The Corporation's exploration, development, production and marketing operations are regulated extensively under foreign, federal, state and local laws and regulations. Under these laws and regulations, the Corporation could be held liable for personal injuries, property damage, site clean-up and restoration obligations or costs and other damages and liabilities. The Corporation may also be required to take corrective actions, such as installing additional safety or environmental equipment, which could require it to make significant capital expenditures. Failure to comply with these laws and regulations may also result in the suspension or termination of the Corporation's operations and subject it to administrative, civil and criminal penalties, including the assessment of natural resource damages. The Corporation could be required to indemnify its employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against them. As a result of these laws and regulations, the Corporation's future business prospects could deteriorate and its profitability could be impaired by costs of compliance, remedy or indemnification of the Corporation's employees.

***Reliance on Strategic Relationships***

Canacol's existing business relies on strategic relationships in the form of joint ventures with local government bodies, other oil and gas companies and other overseas companies. Specific to strategic relationships with other oil and gas companies, Canacol is somewhat reliant on, amongst others, ConocoPhillips Colombia, the operator under the VMM 2 and VMM 3 E&P Contracts. There can be no assurance that ConocoPhillips Colombia or the other companies Canacol has a strategic relationship with, will be able to continue, or will continue, to fund their share of expenditures. In addition, there can be no assurances that all of these strategic relationships will continue to be maintained; however, at present management is not aware of any issues regarding its strategic relationships.

***Conflicting Interests with Joint Venture Partners***

Management of the Corporation may attempt to identify industry participants and negotiate transactions whereby other enterprises will join with the Corporation to conduct joint venture activity to explore for or develop the various projects. Current capital market conditions make this process more challenging and time consuming than under more buoyant economic circumstances, resulting in the Corporation possibly having to bring participants into its planned activities on less attractive terms than might otherwise have been negotiated. There can be no assurances as to the timing or completion of related terms of possible joint venture arrangements.

Joint venture arrangements must be negotiated with third parties who will generally have objectives and interests that may not coincide with Canacol's interests and may conflict its interests. Unless the parties are able to compromise these conflicting objectives and interests in a mutually acceptable manner, arrangements with these third parties will not be consummated.

In certain circumstances, the concurrence of joint venture partners may be required for various actions. Other parties influencing the timing of events may have priorities that differ from Canacol's, even if they generally share Canacol's objectives. Demands by or expectations of joint venture partners and others may affect Canacol's participation in such projects or its ability to obtain or maintain necessary licenses and other approvals or the timing of undertaking various activities or operations.

***Third Party Credit Risks***

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current and future joint venture partners and gas sale customers. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on the Corporation and its cash flow from operations. In addition, poor credit condition in the industry and of a potential joint venture partner or gas sale customer may impact such entity's willingness to participate in a future capital program or arrangement with Canacol.

***Breach of Confidentiality***

While discussing potential business relationships with third parties, the Corporation may disclose confidential information on operating results or proprietary intellectual property. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

***Foreign Subsidiaries***

The Corporation will conduct all of its operations through foreign subsidiaries and foreign branches. Therefore, to the extent of these holdings, Canacol will be dependent on the cash flows of these subsidiaries to meet its obligations excluding any additional equity or debt Canacol may issue from time to time. The ability of its subsidiaries to make payments and transfer cash to Canacol may be constrained by, among other things: the level of taxation, particularly corporate profits and withholding taxes, in the jurisdiction in which it operates; and the introduction of foreign exchange and/or currency controls or repatriation restrictions, or the availability of hard currency to be repatriated.

***Risks of Foreign Operations Generally***

Canacol's oil and natural gas properties and operations are located in a foreign jurisdiction. As such, Canacol's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of Canacol, including, but not limited to, nationalization, expropriation of property without fair compensation, renegotiation or nullification of existing concessions and contracts, the imposition of specific drilling obligations and the development and abandonment of fields, changes in energy policies or the personnel administering them, changes in oil and natural gas pricing policies, the actions of national labour unions, currency fluctuations and devaluations, exchange controls, economic sanctions and royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which Canacol's operations are conducted, as well as risks of loss due to civil strife, acts of war, terrorism, guerrilla activities and insurrections. Canacol's operations may also be adversely affected by laws and policies of Colombia and Canada affecting foreign trade, taxation and investment. If Canacol's operations are disrupted and/or the economic integrity of its projects is threatened for unexpected reasons, its business may be harmed. Prolonged problems may threaten the commercial viability of its operations.

In addition, there can be no assurance that contracts, licenses, license applications or other legal arrangements will not be adversely affected by changes in governments in foreign jurisdictions, the actions of government authorities or others, or the effectiveness and enforcement of such arrangements.

Acquiring interests and conducting exploration and development operations in foreign jurisdictions often require compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase Canacol's cost of doing business or affect its operations in any area.

Canacol may in the future acquire oil and natural gas properties and operations outside of Colombia, which expansion may present challenges and risks that Canacol has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of Canacol. The Corporation is an experienced operator in South America.

To help mitigate the risks associated with operating in foreign jurisdictions, Canacol seeks to operate in regions where the petroleum industry is a key component of the economy. Canacol believes that management's experience operating both in Colombia and in other international jurisdictions helps reduce these risks. Some countries in which Canacol may operate may be considered politically and economically unstable. In Colombia, the government has a long history of democracy and an established legal framework that, in Canacol's opinion, minimizes political risks.

***Foreign Location of Assets***

Other than cash on deposit, almost all of Canacol's assets are located in countries other than Canada (whose laws may differ materially from those in Canada), which may impede or adversely affect the ability of Canacol and its directors and management to manage its operations and protect its assets. A portion of the cash on deposit is located in countries other than Canada.

***Income Taxes***

The Corporation and its subsidiaries file all required income tax returns and the Corporation believes that it is in material compliance with the applicable tax laws of Canada, Colombia, Peru, Panama, Brazil, United States, Switzerland, Netherlands, Argentina, Bolivia and Mexico; however, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates the Corporation's income for tax purposes or could change administrative practices to the Corporation's detriment.

***Foreign Currency Exchange Rate Fluctuations***

During the year ended December 31, 2021, approximately 62% and 9% of the Corporation's expenditures were denominated in Colombian pesos and Canadian dollars, respectively. To the extent revenues and expenditures are not denominated in or strongly linked to the U.S. dollar, the Corporation is exposed to foreign currency exchange rate risk, which may adversely affect the Corporation's financial results. The Corporation is not currently using exchange rate derivatives to manage exchange rate risks.

***Exchange Controls and New Taxes***

Foreign operations may require funding if their cash requirements exceed operating cash flow. To the extent that funding is required, there may be exchange controls limiting such funding or adverse tax consequences associated with such funding. In addition, taxes and exchange controls may affect the dividends that the Corporation receives from its foreign subsidiaries or branch offices of foreign subsidiaries. Exchange controls may prevent the Corporation from transferring funds abroad.

There can be no assurance that the governmental authorities of Colombia will not require prior authorization or will grant such authorization for the Corporation's foreign subsidiaries or branch offices of foreign subsidiaries to make dividend payments to the Corporation and there is no assurance that there will not be a tax imposed with respect to the expatriation of the proceeds from the Corporation's foreign subsidiaries or branch offices of foreign subsidiaries. The implementation of a restrictive exchange control policy, including the imposition of restrictions on the repatriation of earnings to foreign entities, could affect the Corporation's ability to engage in foreign exchange activities, and could also have a material adverse effect on its business, financial condition and results of operations.

In particular, Colombian law provides that the Central Bank of Colombia may intervene in the foreign exchange market if the Colombian peso experiences significant volatility. Also, even though investment repatriation conditions are those in force on the date on which the corresponding investment is registered and the same may not be modified in any way that may be detrimental to the investor, the Central Bank of Colombia may limit, on a temporary basis, the remittance of dividends and reimbursement of investments whenever international reserves fall below an amount equal to three months' worth of imports. Since the creation of the current foreign exchange regime in 1991, such action has not been taken. However, there is no assurance that the Central Bank of Colombia will not intervene in the future, and the Corporation may be temporarily unable to convert Colombian pesos to U.S. dollars.

### *Governmental Regulation*

The oil and gas business is subject to regulation and intervention by governments in such matters as the awarding of exploration and production interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields (including restrictions on production) and possible expropriation or cancellation of contract rights, as well as with respect to prices, taxes, export quotas, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could reduce demand for oil and natural gas, increase Canacol's costs and have a material adverse effect on Canacol.

### *Legal Proceedings*

Canacol is involved in litigation from time to time in the ordinary course of business. Canacol is not a party to any material legal proceedings; however, other legal proceedings could be filed against Canacol in the future. No assumption can be given as to the final outcome of any legal proceedings or that the ultimate resolutions will not have a material adverse effect on Canacol.

### *Expansion into New Activities*

The operations and expertise of the Corporation's management are currently focused primarily on oil and gas production, exploration and development in Colombia. In the future the Corporation may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets, and as a result may face unexpected risks or alternatively, significantly increase the Corporation's exposure to one or more existing risk factors, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

### *Failure to Realize Anticipated Benefits of Acquisitions and Dispositions*

The Corporation considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses may require substantial management effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and assets required to provide such services. In this regard, non-core assets may be periodically disposed of so the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation may realize less on disposition than their carrying value on the financial statements of the Corporation.

### *Information Technology or Cybersecurity*

Canacol depends on the reliability and security of its information technology systems to conduct certain exploration, development and production activities, process financial records and operating data, communication with its employees and business partners, and for many other activities related to its business. Canacol's information technology systems may fail or have other significant shortcomings due to operational system flaws or employee misuse, tampering or manipulation. In addition, Canacol may become the target of cyber-attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information. Any of these occurrences could disrupt the business, result in potential liability or reputational damage or otherwise have an adverse effect on Canacol's financial results.

### *Cost of New Technologies*

The oil industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other oil and gas companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before Canacol does. There can be no assurance that Canacol will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by Canacol or implemented in the future may become obsolete. In such case, Canacol's business, financial condition and results of operations could be materially adversely affected. If Canacol is unable to utilize the most advanced commercially available technology, Canacol's business, financial condition and results of operations could be materially adversely affected.

### *Dependence on Key Personnel*

The success of Canacol is dependent on the services of a number of members of senior management. The experience of these individuals will be a factor contributing to Canacol's continued success and growth and there is a risk that the death or departure of one or more of these individuals could have a material adverse effect on Canacol. The ability of Canacol to conduct its operations is also highly dependent on the availability of skilled workers.

### *Conflicts of Interest*

There are potential conflicts of interest to which some of the directors and officers of Canacol will be subject in connection with the operations of Canacol. Some of the directors and officers are engaged and will continue to be engaged in the search for oil and natural gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with Canacol. Conflicts of interest, if any, which arise will be subject to and be governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with Canacol, to disclose his or her interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See also "*Directors and Officers – Conflicts of Interest*".

### *Corruption*

The Corporation's operations are governed by the laws of many jurisdictions, which generally prohibit bribery and other forms of corruption. The Corporation has policies in place to prevent any form of corruption or bribery, which includes requiring that all employees participate in an ethics awareness seminar, enforcement of policies against giving or accepting money or gifts in certain circumstances and an annual certification from each employee confirming that each employee has received and understood the Corporation's anticorruption policies. It is possible that the Corporation, or some of its subsidiaries, employees or contractors, could be charged with bribery or corruption as a result of the unauthorized actions of its employees or contractors. If the Corporation is found guilty of such a violation, which could include a failure to take effective steps to prevent or address corruption by its employees or contractors, the Corporation could be subject to onerous penalties and reputational damage. A mere investigation itself could lead to significant corporate disruption, high legal costs and forced settlements (such as the imposition of an internal monitor). In addition, bribery allegations or bribery or corruption convictions could impair the Corporation's ability to work with governments or nongovernmental organizations. Such convictions or allegations could result in the formal exclusion of the Corporation from a country or area, national or international lawsuits, government sanctions or fines, project suspension or delays, reduced market capitalization and increased investor concern.

### *Forward-Looking Statements May Prove Inaccurate*

Shareholders and investor are cautioned not to place undue reliance on forward-looking statements and other future looking financial information. By their nature, forward-looking statements and information involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

### *Credit Ratings*

Credit ratings may not reflect all risks associated with an investment in any of Canacol's securities. The credit ratings applied to the 2021 Senior Notes are an assessment by the relevant ratings agency of Canacol's ability to pay its obligations as of the respective dates the ratings are assigned. The credit ratings may not reflect the potential impact of risks related to structure, market or other factors discussed herein on the value of the 2021 Senior Notes. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. The credit ratings accorded to the 2021 Senior Notes are not a recommendation to purchase, hold or sell any of the 2021 Senior Notes, because ratings agencies do not comment as to market price or suitability for a particular investor. There cannot be any assurance that any credit rating assigned to any of the 2021 Senior Notes will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market value of the 2021 Senior Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which Canacol can access public or private debt markets.

## Risks Related to Operating in Colombia

### *Delays in Obtaining Environmental and Other Licenses*

Exploration and development activities as well as pipeline construction are subject to numerous licensing and permitting requirements, primarily relating to the environment. In the recent past, Canacol and other natural resources companies in Colombia have experienced significant delays from Colombian authorities with respect to the issuance of such licenses and permits. Unanticipated licensing and permitting delays can result in significant delays and cost overruns in exploration and development and in the construction of the Medellin Pipeline, and could affect the Corporation's financial condition and results of operations. There is no assurance that these delays will not continue or worsen in the future.

### *Emerging Market Economic and Legal Risks*

The Corporation is a corporation existing under the laws of the Province of Alberta and is subject to Canadian laws and regulations. Colombia, the jurisdiction in which the Corporation operates its exploration, development and production activities, may have different or less developed legal systems than Canada or the United States. Investing in emerging market countries such as Colombia carries economic and legal risks. Economic and legal instability in Latin American and emerging market countries have been caused by many different factors, including the following:

- lack of effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or, in an ownership dispute, being more difficult to obtain;
- the lack of judicial or administrative guidance on interpreting applicable rules and regulations;
- inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions;
- relative inexperience of the judiciary and courts in such matters;
- high interest rates;
- changes in currency values and high levels of inflation;
- exchange, wage and price controls;
- changes in economic or tax policies;
- the imposition of trade barriers; and
- internal security issues.

In certain jurisdictions, the commitment of local business people, government officials and agencies and the judicial systems to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licenses and agreements for the Corporation's business. These licenses and agreements may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. Any of these factors may adversely affect the business of Canacol.

***Sanctions by the United States on Colombia***

Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual certification by the President of the United States of America. Although Colombia has received a current certification, there can be no assurance that, in the future, Colombia will receive certification or a national interest waiver. The failure to receive certification or a national interest waiver may result in any of the following: all bilateral aid, except anti-narcotics and humanitarian aid, would be suspended; the Export-Import Bank of the United States and the Overseas Private Investment Corporation would not approve financing for new projects in Colombia; United States representatives at multilateral lending institutions would be required to vote against all loan requests from Colombia, although such votes would not constitute vetoes, and the President of the United States and Congress would retain the right to apply future economic and trade sanctions.

Each of these outcomes could result in adverse economic consequences in Colombia, could further heighten the political and economic risks associated with operations there, and could threaten the Corporation's ability to obtain any necessary financing to develop its Colombian properties. There can be no assurance that the United States will not impose sanctions on Colombia in the future, nor can the effect in Colombia that these sanctions might cause be accurately predicted.

***Economic and Political Developments in Colombia***

The Corporation's core properties and projects are located in Colombia. As such, it is subject to certain risks, including currency fluctuations, possible political or economic instability, and the upcoming Presidential elections in Colombia in 2022.

The quality of the Corporation's assets, financial condition and results of operations significantly depend on macroeconomic and political conditions prevailing in Colombia (such as price instabilities, currency fluctuations, inflation, interest rates, regulation, taxation, social instabilities, political unrest and other developments in or affecting Colombia) over which the Corporation has no control. In addition, the Corporation's exploration and production activities may be affected in varying degrees by political stability and government regulations relating to the natural gas industry. Decreases in the growth rate of the Colombian economy, periods of negative growth, material increases in inflation or interest rates or significant fluctuations in the exchange rate could result in lower demand for, or affect the pricing of, the Corporation's services and products.

In the past, Colombia has experienced periods of weak economic activity and deterioration in economic conditions. There is no assurance that such conditions will not return or that such conditions will not have a material adverse effect on the Corporation's business, financial condition or results of operations.

The Corporation's financial condition and results of operations may also be affected by changes in the political climate in Colombia to the extent that such changes affect the nation's economic policies, growth, stability or regulatory environment, including any changes in Colombian tax regulations. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, wealth taxes, expropriation of property, environmental legislation and site safety. There can be no assurance that the government of Colombia will continue to pursue business friendly and open-market economic policies or policies that stimulate economic growth and social stability. Any changes in Colombia's economy or the government's economic policies, in particular as they relate to the oil and gas industry, may have a negative impact on the Corporation's business, financial condition and results of operations.

*Violence and Instability in Colombia*

Colombia has experienced periods of violence over the past five decades, primarily due to armed conflict between government forces, guerrillas, paramilitary groups and drug cartels. Insurgents activity continues in many parts of the country, despite the Colombian government efforts and security policies. Any possible escalation of the violence associated with these activities may have a negative impact on the Colombian economy and the Corporation's operations.

On November 24, 2016, the Colombian government and the Revolutionary Armed Forces of Colombia ("**FARC**") signed a peace agreement (the "**Peace Agreement**") and, on November 30, 2016, the Peace Agreement was ratified by Colombia's government. The Peace Agreement and the Colombian government's programs and policies implementing it, have reduced guerrilla and criminal activity, particularly in the form of terrorist attacks, homicides, kidnappings and extortion.

The FARC became a legal political party with representation in the Colombian Congress but the implementation of the Peace Agreement entails some risks, such as the emergence of new criminal structures composed of dissident members of the FARC, and the continuing guerrilla activity of the Ejército de Liberación Nacional. The peace negotiations are intended to bring further institutional strengthening and development, particularly to rural regions. The government's biggest challenge is perceived to be to ensure that the negotiations lead to a long-lasting peace and that demobilized members of the FARC rejoin civilian life, rather than regrouping in criminal bands.

Continuing attempts to reduce or prevent drug related crime and guerrilla and paramilitary activity may not be successful and a possible escalation of such criminal activities may have a negative impact on the Colombian economy, and disrupt the Corporation's operations in the future. The Corporation may not be able to establish or maintain the safety of its operations and personnel in Colombia and this violence may affect its operations in the future. Continued or heightened security concerns in Colombia could also result in a significant loss to the Corporation and/or costs exceeding current expectations. The perception that matters have not improved in Colombia may hinder the Corporation's ability to access capital in a timely or cost effective manner.

The Peace Agreement has increased the request for restitution of land stripped during the conflict, the formation of new political forces and the strengthening of social pressure groups, which could bring changes in regulations or shifts in political attitudes that are beyond the Corporation's control and may adversely affect its business. Exploration may be affected in varying degrees by government regulations with respect to restrictions on future exploitation and production, price controls, export controls, foreign exchange controls, income taxes, expropriation of property, environmental legislation and site safety.

*Social Instability and Labor Unrest*

The Corporation's operations are in Colombia. Companies operating in the gas industry in Colombia have experienced various degrees of interruptions to their operations as a result of social instability and labor disruptions. Moreover, the Corporation operates in areas of indigenous populations, which could be the source of social unrest.

The is no assurance that this type of social instability or labor disruption will not be experienced in the future. The potential impact that future social instability, labor disruptions and any lack of public order may have on the oil and gas industry in Colombia, and on the Corporation's operations in particular, is not known at this time. This uncertainty may affect operations in unpredictable ways, including disruptions of fuel supplies and markets, ability to move equipment such as drilling rigs from site to site, or disruption of infrastructure facilities, including pipelines, production facilities, public roads, and off-loading stations could be targets or experience collateral damage as a result of social instability, labor disputes or protests or the guerrilla activity described herein. The Corporation may suffer loss of production, or be required to incur significant costs in the future to safeguard its assets against such activities, incur standby charges on stranded or idled equipment or to remediate potential damage to its facilities. These risks are beyond the control of the Corporation. There can be no assurance that the Corporation will be successful in protecting itself against these risks and the related financial consequences. Further, these risks may not in any part be insurable in the event that the Corporation does suffer damage.

Other companies operating gas fields in Colombia have also experienced labor unrest in recent years. This type of labor disruption is sometimes faced by companies operating in resource industries. It is difficult for the Corporation to determine at this time whether this is the beginning of a broader social upheaval in Colombia. There is no assurance that the Corporation will not experience further labor unrest in the future.

***Natural Gas Industry in Colombia is Less Developed***

The oil and gas industry in Colombia is not as efficient or developed as the oil and gas industry in the Canada. As a result, the Corporation's exploration, development and production activities may take longer to complete and may be more expensive than similar operations in Canada. The availability of technical expertise, specific equipment and supplies may be more limited than in Canada. The Corporation expects that such factors will subject its operations to economic and operating risks that may not be experienced in Canada.

In the event of a dispute arising in connection with the Corporation's operations in Colombia, it may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Corporation may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Corporation's exploration, development and production activities in Colombia could be substantially affected by factors beyond the control of the Corporation, any of which could have a material adverse effect on the Corporation.

Acquiring interests and conducting exploration and development operations in foreign jurisdictions often require compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. Management is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future, including whether any such laws or regulations would materially increase the Corporation's cost of doing business or affect its operations in any area.

***Extensive Controls and Regulations***

The natural gas industry in Colombia is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Corporation will be unable to predict what additional legislation or amendments may be enacted. Amendments to current laws, regulations and permits governing operations and activities of oil and natural gas companies, including environmental laws and regulations which are evolving in Colombia, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in expenditures and costs, affect the Corporation's ability to expand or transfer existing operations or require it to abandon or delay the development of new oil and natural gas properties.

***Challenges to the Corporation's Properties and Other Developing Country Restrictions***

The acquisition of title to natural gas properties in Colombia is a detailed and time consuming process. Title to natural gas interests is often not capable of conclusive determination without incurring substantial expense. The Corporation's properties may be subject to unforeseen title claims, including, among others, claims by indigenous communities. While the Corporation intends to make appropriate inquiries into the title of properties and other development rights it acquires, title defects may exist. In addition, the Corporation may be unable to obtain adequate insurance for title defects, on a commercially reasonable basis or at all. If title defects do exist, it is possible that the Corporation may lose all or a portion of its right, title and interest in and to the properties to which the title defects relate.

*Seizure or Expropriation of Assets*

Pursuant to Article 58 of the Colombian Constitution, the Colombian government can exercise its eminent domain powers in respect of the Corporation's assets in the event such action is required in order to protect public interests. According to Law 388 of 1997, eminent domain powers may be exercised through: (a) an ordinary expropriation proceeding (expropiación ordinaria); (b) an administrative expropriation (expropiación administrativa); or (c) as provided for in Article 59 of the Colombian Constitution, an expropriation for war reasons (expropiación en caso de guerra). In all cases, the Corporation would be entitled to a fair indemnification for the expropriated assets. As a general rule (with the exception of expropriation for reasons of war, in which case compensation may be quantified and paid later), compensation must be paid before the asset is effectively expropriated. However, indemnification may be paid in some cases years after the asset is effectively expropriated and the indemnification may be lower than the price for which the expropriated asset could be sold in a free market sale or the value of the asset as part of an ongoing business.

**Risks Related to the Common Shares**

The market price of the Common Shares may be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Corporation's control, including but not limited to:

- dilution caused by the issuance of additional Common Shares and other forms of equity securities;
- announcements of new acquisitions, reserve discoveries or other business initiatives by the Corporation's competitors;
- fluctuations in revenue from the Corporation's oil and natural gas business;
- changes in the market price for oil and natural gas commodities and/or in the capital markets generally;
- changes in the demand for oil and natural gas, including changes resulting from the introduction or expansion of alternative fuels;
- changes in the social, political and/or legal climate in the regions in which the Corporation will operate;
- changes in the valuation of similarly situated companies, both in the Corporation's industry and in other industries;
- changes in analysts' estimates affecting the Corporation, its competitors and/or industry;
- changes in the accounting methods used in or otherwise affecting the Corporation's industry;
- changes in independent reserve estimates related to the Corporation's oil and gas properties;
- announcements of technological innovations or new products available to the oil and natural gas industry;
- announcements by relevant governments pertaining to incentives for alternative energy development programs;
- fluctuations in interest rates, exchange rates and the availability of capital in the capital markets; and
- significant sales of Common Shares, including sales by future investors in future offerings of the Corporation.

In addition, the market price of the Common Shares could be subject to wide fluctuations in response to various factors, which could include the following, among others:

- quarterly variations in the Corporation's revenues and operating expenses;
- additions and departures of key personnel; and
- updated reserve estimates by independent parties.

These and other factors are largely beyond the Corporation's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Common Shares and/or the Corporation's results of operations and financial condition.

## ADDITIONAL FINANCIAL AND OTHER INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.SEDAR.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Canacol's securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in Canacol's information circular for the next annual meeting of Shareholders that involves the election of directors and additional information as provided in Canacol's comparative financial statements for its most recently completed financial year. Canacol will provide this information to any person, upon request made to the Chief Financial Officer of Canacol at Suite 2000, 215 - 9th Avenue S.W., Calgary, Alberta, T2P 1K3. The documents will also be located on SEDAR at www.sedar.com.

Additional financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the period ended December 31, 2021, which are also available on SEDAR.

## SCHEDULE A

## REPORT ON RESERVES DATA BY INDEPENDENT QUALIFIED RESERVES EVALUATOR (FORM 51-101F2)

(attached)

BOURY
Global Energy Consultants

# NATIONAL INSTRUMENT FORM 51-101F2
# REPORT on RESERVES DATA

To the board of directors of Canacol Energy Ltd. (the "Company"):

1. We have evaluated the Company's reserves data as of December 31, 2021. The reserves data are estimates of proved reserves, probable reserves and possible reserves and related future net revenue as December 31, 2021, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the US Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to total proved-plus-probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the December 31, 2021, and identifies the respective portions thereof that we have evaluated and reported on to the Company's management:

| Reserves Evaluator | Date of Evaluation Report | Location of Reserves | (before income tax, 10% discount rate) | | | |
|---|---|---|---|---|---|---|
| | | | Audited (M$US) | Evaluated (M$US) | Reviewed (M$US) | Total (M$US) |
| Boury Global Energy Consultants Limited | Reserve Evaluation Report as of December 31, 2021 on Certain Properties owned by Canacol Energy Ltd. dated February 17, 2022 | Colombia | - | 1,708,767 | - | 1,708,767 |

6. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after their respective preparation dates.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above:

Boury Global Energy Consultants Ltd., Calgary, Alberta, dated February 17, 2022

BOURY GLOBAL ENERGY
CONSULTANTS LTD.

______________________________
Nahla Boury, P.Eng. ICD.D

PERMIT TO PRACTICE
BOURY GLOBAL ENERGY
CONSULTANTS LTD.

Signature______________________

Date _________ February 17, 2022______
PERMIT NUMBER: P 14020
The Association of Professional Engineers,
Geologists and Geophysicists of Alberta

## REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)

Management of Canacol Energy Ltd. (the "**Corporation**") are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Corporation's reserves data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The Reserves Committee of the board of directors of the Corporation has

(a) reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

*(signed) "Charle Gamba"*

**Charle Gamba, Chief Executive Officer, President and Director**

*(signed) "Ravi Sharma"*

**Ravi Sharma, Chief Operating Officer**

*(signed) "Michael Hibberd"*

**Michael Hibberd, Chairman and Director**

*(signed) "David Winter"*

**David Winter, Director**

**Dated: March 16, 2022**

# SCHEDULE C

# CANACOL ENERGY LTD.

## AUDIT COMMITTEE'S TERMS OF REFERENCE

### I. Constitution and Purpose

The Audit Committee (the "Committee") shall be established by resolution of the Board of Directors (the "Board") of Canacol Energy Ltd. ("Canacol" or the "Corporation") for the purpose of assisting the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by Canacol to regulatory authorities and shareholders, Canacol's systems of internal controls regarding finance and accounting, and Canacol's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, Canacol's policies, procedures and practices at all levels. The Committee's primary roles and responsibilities are to:

- Serve as an independent and objective party to monitor the integrity and quality of Canacol's financial reporting and internal control system and review Canacol's financial reports.
- Review and appraise the qualifications, independence, engagement, compensation and performance of Canacol's external auditors.
- Provide an open avenue of communication among Canacol's auditors, financial and senior management and the Board.

### II. Composition

The Committee shall be composed of at least three individuals appointed by the Board from amongst its members, all of which members will be independent within the meaning of National Instrument 52-110 - Audit Committees ("NI 52-110") unless the Board determines to rely on an exemption in NI 52-110. "Independent" generally means free from any business or other direct or indirect material relationship with the Corporation that could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

All of the members must be financially literate within the meaning of NI 52-110 unless the Board has determined to rely on an exemption in NI 52-110. Being "financially literate" means members have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed or ceases to be a member of the Board. The Board shall fill vacancies in the Committee by appointment from among the members of the Board. If a vacancy exists on the Committee, the remaining members shall exercise all its powers so long as a quorum remains in office. The Board shall appoint a chair for the Committee from its members (the "Chair"). If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present at the meeting shall be chosen by the Committee to preside at the meeting.

No Director who serves as board member of any other company shall be eligible to serve as a member of the Committee unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. Determinations as to whether a particular Director satisfies the requirements for membership on the Committee shall be made by the Corporate Governance and Nominating Committee.

No member of the Committee shall receive from the Corporation or any of its affiliates any compensation other than the fees to which he or she is entitled as a Director of the Corporation or a member of a committee of the Board. Such fees may be paid in cash and/or shares, options or other in-kind consideration ordinarily available to Directors.

## III. Meetings

The Committee shall meet at least four times per year and/or as deemed appropriate by the Committee Chair. The Chair of the Committee, any member of the Committee, the external auditors of the Corporation, the Chairman of the Board, the Chief Executive Officer ("CEO") or the Chief Financial Officer ("CFO") may call a meeting of the Committee by notifying the Corporation's corporate secretary, who will notify the members of the Committee. A majority of members of the Committee shall constitute a quorum.

As part of its job to foster open communication, the Committee shall meet at least annually with management and the external auditors in separate sessions. The CEO and CFO and a representative of the Corporation's external auditors may, if invited by the Chair of the Committee, attend and speak at meetings of the Committee. The Committee may also invite any other officer or employee of the Corporation, legal counsel, the Corporation's financial advisors and any other persons to attend meetings and give presentations with respect to their area of responsibility, as considered necessary by the Committee.

The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to the Committee members with copies to the Board, the CFO or such other officer acting in that capacity, and the external auditors. Supporting schedules and information reviewed by the Committee shall be available for examination by any Director.

The Chair of the Committee shall be available at the annual general meeting of the Corporation to respond to any shareholder questions on the activities and responsibilities of the Committee.

## IV. Authority

The Committee is authorised by the Board to:

a) Investigate any matter within its Terms of Reference

b) Have direct communication with the Corporation's external auditors

c) Seek any information it requires from any employee of the Corporation

d) Retain, at its discretion, outside legal, accounting or other advisors, at the expense of the Corporation, to obtain advice and assistance in respect of any matters relating to its duties, responsibilities and powers as provided for or imposed by these Terms of Reference or otherwise by law or the by-laws of the Corporation

## V. Roles and Responsibilities

The Committee shall have the roles and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. To fulfill its responsibilities, the Committee shall:

## a) ***Accounting and Financial Reporting Matters***

1. In consultation with the external auditors, review with management the integrity of Canacol's financial reporting processes, both internal and external.

2. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.

3. At each meeting, consult with the external auditors, without the presence of management, about the quality of Canacol's accounting principles, internal controls and the completeness and accuracy of Canacol's financial statements.

4. Review the Corporation's interim and annual financial statements and management's discussion & analysis of operations (the "MD&A"), Annual Information Forms and earnings press releases prior to their public disclosure and Board approval, where required, and ensure that adequate procedures are in place for the review of the Canacol's public disclosure of financial information extracted or derived from the Corporation's financial statements for inclusion in documents such as the Management Information Circular and prospectuses.

5. Following such review with management and the external auditors, recommend to the Board whether to approve the annual or interim financial statements and MD&A and any other filings with the securities commissions.

6. Monitor in discussion with the external auditors the integrity of the financial statements of the Corporation before submission to the Board, focusing particularly on:

   (a) Significant accounting policies and practices under International Financial Reporting Standards ('IFRS") as applicable to Canacol and any changes in such accounting policies and practices as required by the standard setters or as suggested by the external auditors and management

   (b) Major judgment areas including significant accruals, key assumptions and estimates, and the view of the external auditors as to appropriateness of such judgments

   (c) Significant adjustments resulting from the audit

   (d) The going concern assumption

   (e) Compliance with accounting standards including the effects on the financial statements of alternative methods within generally accepted accounting principles

   (f) Compliance with stock exchange and legal requirements

   (g) Accounting treatment and disclosure of large transactions as well as unusual or non-recurring transactions

   (h) Significant off-balance sheet and contingent assets and liabilities and the related disclosures

   (i) Disclosure requirements for commitments

   (j) Compliance with covenants under loan agreements

   (k) Significant interim review audit findings during the year, including the status of previous audit recommendations

   (l) All related party transactions with the required disclosures in the financial statements.

(m) Timeliness of statutory payments

7. On at least an annual basis, review with the Corporation's legal counsel and management, all legal and regulatory matters and litigation, claims or contingencies, including tax assessments, license or concession defaults or notifications, health and safety violations or environmental issues, that could have a material effect upon the financial position of the Corporation, and the manner in which these matters may be, or have been, disclosed in the financial statements.

***b) External Auditors***

1. Consider and make recommendations to the Board for it to put to the shareholders for their approval in a general or special meeting in relation to the appointment, re-appointment and removal of Canacol's external auditors and to approve the compensation and terms of engagement of the external auditors for the annual audit, interim reviews and any other audit-related and non-audit-related services.
2. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.
3. Require the external auditors to report directly to the Committee.
4. Discuss with the external auditors, before an audit commences, the nature and scope of the audit, and other relevant matters.
5. Review and monitor the performance of the external auditors and the effectiveness of the audit process taking into consideration relevant professional and regulatory requirements.
6. Obtain annually a formal written statement of external auditors setting forth all relationships between the external auditors and Canacol and confirming their independence from Canacol.
7. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
8. Review and approve Canacol's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
9. Discuss problems and reservations arising from an audit, and any matters the external auditors may wish to discuss (in the absence of management where necessary).
10. Upon completion of the audit, review the external auditors' report on the financial statements and any recommendation letters issued to management with management's responses including the management representation letter.
11. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by Canacol's external auditors and consider the impact on the independence of the auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:

    (i) The aggregate amount of all such non-audit services provided to Canacol constitutes not more than five percent of the total amount of revenues paid by Canacol to its external auditors during the fiscal year in which the non-audit services are provided

(ii) Such services were not recognized by Canacol at the time of the engagement to be non-audit services

(iii) Such services are promptly brought to the attention of the Committee by Canacol and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of Canacol Directors to whom authority to grant such approvals has been delegated by the Committee

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

12. Consider the major findings of the external auditors and management's responses, including the resolution of disagreements between management and the external auditors regarding financial reporting.
13. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
14. At each meeting, consult with the external auditors, without the presence of management, about the quality, not just the acceptability, of the accounting principles applied in the Corporation's financial reporting, effectiveness of internal controls and the completeness and accuracy of the Corporation's financial reports.

***c) Disclosure Controls & Procedures ("DC&P") and Internal Controls over Financial Reporting ("ICFR")***

1. Monitor and review Canacol's disclosure policy on an annual basis.
2. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of Canacol's DC&P including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
3. In conjunction with each fiscal year end, review management's assessment of the design and effectiveness of Canacol's ICFR including any control deficiencies identified and the related remediation plans for any significant or material deficiencies.
4. Review and discuss any fraud or alleged fraud involving management or other employees who have a role in Canacol's ICFR and the related corrective and disciplinary actions to be taken.
5. Discuss with management any significant changes in the ICFR that are disclosed or considered for disclosure in the MD&A on a quarterly basis.
6. Review and discuss with the CEO and the CFO the procedures undertaken in connection with the CEO and CFO certifications for the annual and interim filings with the securities commissions.
7. Review the adequacy of internal controls and procedures related to any corporate transactions in which directors or officers of Canacol have a personal interest, including the expense accounts of senior officers of Canacol and officers' use of corporate assets.

### *d) Risk management*

1. Review the Corporation's risk management policies and processes established to effectively identify, assess and treat the Corporation's principal risks of the business and to receive an annual report thereon.

2. Review the financial exposures undertaken by the Corporation together with any mitigating strategies including physical and financial positions in commodities markets, derivative strategies, capital commitments, sovereign and foreign exchange exposures, and interest rate fluctuations.

3. Review on an annual basis the adequacy and effectiveness of the Corporation's insurance policies including coverage for property damage, business interruption, liabilities, and directors and officers.

4. Review the Corporation's major financings and its future financing plans and strategies considering current and future business needs and the condition of capital markets.

5. Review and approve the discussion and disclosure of risks in public documents.

### *e) Procedures for the Receipt and Treatment of Complaints regarding Accounting, Internal Accounting Controls, or Auditing Matters*

1. Establish procedures for:

   (a) The receipt, retention and treatment of complaints received by Canacol regarding accounting, internal accounting controls, or auditing matters

   (b) The confidential, anonymous submission by employees of Canacol of concerns regarding questionable accounting or auditing matters

   (c) The investigation of such matters with appropriate follow-up actions

## VI. Committee Effectiveness Procedures

The Committee shall review its Terms of Reference on an annual basis, or more often as required, to ensure that they remain adequate and relevant, and incorporate any material changes in statutory and regulatory requirements and the Corporation's business environment. The Committee shall make recommendations to the Corporate Governance and Nominating Committee as to proposed changes, if any.

The procedures outlined in these Terms of Reference are meant to serve as guidelines, and the Committee may adopt such different or additional procedures as it deems necessary from time to time.

In setting the agenda for a meeting, the Chair of the Committee shall encourage the Committee members, management, the Corporation's external auditors, and other members of the Board to provide input in order to address emerging issues.

Prior to the beginning of a fiscal year, the Committee shall submit an annual planner for the meetings to be held during the upcoming fiscal year, for review and approval by the Board to ensure compliance with the requirements of the Committee's Terms of Reference.

Any written material provided to the Committee shall be appropriately balanced (i.e. relevant and concise) and shall be distributed in advance of the respective meeting with sufficient time to allow Committee members to review and understand the information.

The Committee shall conduct an annual self-assessment of its performance and these Terms of Reference and shall make recommendations to the Corporate Governance and Nominating Committee with respect thereto.

Members of the Committee shall be provided with appropriate and timely training to enhance their understanding of auditing, accounting, regulatory and industry issues applicable to the Canacol.

New Committee members shall be provided with an orientation program to educate them on the Corporation's business, their responsibilities and the Corporation's financial reporting and accounting practices.