

Canacol Energy Ltd. Announces Closing of New Credit Agreements

CALGARY, ALBERTA - (August 4, 2020) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update on certain new and existing credit facilities. All amounts are in USD.

Jason Bednar, CFO of Canacol commented "As at June 30, 2020, Canacol maintained its strong balance sheet and liquidity including approximately \$59 million of cash, with our robust 2020 capital and dividend programs being funded through existing cash and operating cash flows. Adding to the Corporation's existing financial flexibility we have re-profiled the terms on one existing credit facility and entered into two new credit facilities, with Credit Suisse acting as the Administrative Agent on all facilities, as described below. We would like to thank Credit Suisse and all syndicate banks for their continued support of Canacol."

Re-Profile of the \$30mm 2018 Credit Facility

In December, 2018, the Corporation entered into a credit agreement for an amount of \$30 million with Credit Suisse (the "2018 Credit Facility"). The 2018 Credit Facility was to mature in December, 2022, with equal quarterly installments starting June 30, 2020. The 2018 Credit Facility carried interest at a fixed rate of 6.875% per annum.

In June, 2020, the Corporation re-profiled the 2018 Credit facility with the notable changes being an interest rate of LIBOR + 4.25% (with current LIBOR rates being approximately 0.30%), and an extension of the first amortization payment to now begin on December 31, 2021 and mature on June 30, 2023 (7 equal amortization payments). This 18-month extension adds approximately \$16 million of additional liquidity to the Corporation through the end of 2021, based on principal repayments alone. No covenants were changed.

\$46 Million Senior Unsecured Revolving Credit Facility

On July 31, 2020, the Corporation entered into a \$46 million senior unsecured revolving credit facility (the "RCF") with a syndicate of banks. Notable terms of the RCF include an interest rate of LIBOR + 4.75%, a 3-year term, and the Corporation's ability to repay/redraw the RCF 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. The RCF will be undrawn at the start. The RCF will not be subject to typical periodic redeterminations. Covenants have been harmonized with the Corporation's existing covenants on its May 2025 senior unsecured notes.

Credit Suisse, Banco Davivienda and Citigroup were Lead Joint Arrangers and Joint Bookrunners on the RCF.

\$75 Million Senior Unsecured Bridge Term Loan

On July 31, 2020, a subsidiary of the Corporation entered into a \$75 million senior unsecured bridge term loan (the "Bridge") with a syndicate of banks. Notable terms of the Bridge include an interest rate of LIBOR + 4.25%, a 2-year term, and the Corporation's ability to repay the Bridge at any time within the term without penalty. Within 30 days of the July 31, 2020 closing the subsidiary is obligated to draw the first \$25 million of the Bridge, with the remaining \$50 million to be available to be drawn at any time up to 12 months from the closing date. The subsidiary will pay a commitment fee to the syndicate of 30% of the 4.25% interest margin on any undrawn amounts throughout the availability period. Covenants have been harmonized with the Corporation's existing covenants on its May 2025 senior unsecured notes.

Credit Suisse, Banco Davivienda, Citigroup and Itau were Lead Joint Arrangers and Joint Bookrunners on the Bridge.

The Bridge was entered into by the Canacol subsidiary that is intended to be used to construct and own the Medellin pipeline, with Canacol being the guarantor throughout the outstanding term of the Bridge. The initial draw from the Bridge will be used for expenditures such as engineering and environment permitting, with the following \$50 million

currently budgeted to order long lead time items needed for construction. It is anticipated that during the term Canacol will divest between 75% to 100% of the shares of the subsidiary to an equity partner, while maintaining up to a 25% working interest in the ownership of the pipeline project. Detailed discussions are ongoing with respect to this project with interested equity partners and a syndicate of banks. Once equity partners and bank syndicate agreements have been signed, and any applicable conditions precedent have been met, it is anticipated the long term funding will be advanced and the Bridge will be repaid, thus freeing Canacol of its guarantees on the Bridge.

Canacol is a gas exploration and production company with operations focused in Colombia. The Corporation's common stock trades on the Toronto Stock Exchange, the OTCQX in the United States of America, and the Colombia Stock Exchange under ticker symbol CNE, CNNEF, and CNE.C, respectively.

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, including without limitation statements relating to estimated production rates from the Corporation's properties and intended work programs and associated timelines. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

This press release contains non-GAAP measures such as EBITDAX, funds from operations, working capital, operating netback per barrel and realized contractual gas sales that do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Corporation's performance and financial results.

Realized contractual gas sales is defined as gas produced and sold plus gas revenues received from nominated take or pay contracts.

Boe conversion – The term “boe” is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet of natural gas to barrels oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this news release, we have expressed boe using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Ministry of Mines and Energy of Colombia.

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