



Canacol Energy Ltd. Provides Gas Sales and Drilling Update and Announces Dividend

CALGARY, ALBERTA – (December 20, 2023) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) provides the following gas sales and drilling operations update, along with announcement of quarterly dividend.

November Gas Sales of 169 MMscfpd

Realized contractual natural gas sales (which are gas produced, delivered, and paid for) were 169 million standard cubic feet per day for November 2023.

Gas sales during the month of November were impacted by high reservoir levels and related hydroelectric power generation due to heavy rainfall which reduced the demand for gas for thermoelectric power generation. The last week of November saw a fall in reservoir levels related to less rainfall and a related increase in thermoelectrical power generation and gas consumption. Reservoir levels continue to fall into December due to lower rainfall.

The Corporation expects production capacity to be approximately 180 MMscfpd exiting the month of December 2023 following the workover of the Clarinete 4 producer and the drilling of the Nelson 16 development well.

Near Term Drilling Program

The Corporation completed the drilling of the Pandereta 10 development well which encountered 122 feet of net gas pay within the Cienaga de Oro ("CDO") sandstone reservoir. The well was tied into the Jobo facility and brought on production at the end of November.

The rig is currently drilling the Nelson 16 development well which is expected to be completed and tied in by the end of December 2023. The Corporation will then drill the Nelson 17 development well, which it expects to be completed and tied into production by the third week of January 2024.

First Ever Royalty Construction Project Completed

The Ministry of Mines and Energy Resolution 40207/2021 facilitates investments in local public projects in lieu of royalty payments to the National Government. The intent is that communities benefit directly and promptly from resources extracted from within their municipalities. Project proposals are developed jointly between the Corporation and local governments and then approved by the Department Governor.

We are pleased to announce the completion of the first project of its kind ever signed and executed in Colombia, which consisted of the construction of a 3.8 km paved road executed between the Corporation and the Department of Sucre.

The signing and execution of these royalty agreements is another example of how the energy sector consistently contributes to social development, closing gaps, and improving the quality of life for Colombian citizens.

Dividend Announcement

Canacol Energy Ltd. announced that it has declared a dividend of CAD\$.26 per share, payable on January 15, 2024, to shareholders of record at the close of business on December 29, 2023. This dividend qualifies as an 'eligible dividend' for Canadian income tax purposes. The declaration, timing, amount and payment of future dividends remain at the discretion of the Board of Directors.



Dividends on shares traded on the Toronto Stock Exchange ("TSX") will be paid in Canadian Dollars ("CAD") on January 15, 2024.

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

Shares traded on the Toronto Stock Exchange

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

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

Shares traded on the Colombia Stock Exchange

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

Form NR301 can be downloaded at:

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

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

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

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

About Canacol

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

Forward-Looking Statements

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, including without limitation statements relating to estimated production rates from the Corporation's properties and intended work programs and associated timelines. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward-looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include



the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

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

For more information please contact:

Investor Relations

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

Global: +1.403.561.1648 IR-GLOBAL@canacolenergy.com