

This Policy provides Canacol Energy Ltd.'s (the "Corporation") approach to disclosure of material information and maintaining the confidentiality of information. This Policy is intended to complement the Corporation's existing "Policy Regarding Insider Trading and Reporting" (the "Insider Trading Policy").

This Policy, together with the Insider Trading Policy, is intended to assist the Corporation in complying with securities laws governing corporate disclosure, confidentiality and insider trading (collectively, the "Disclosure Rules"). The Corporation believes that compliance with the Disclosure Rules is essential to maintaining investor confidence in management of the Corporation and the integrity of the market for the Corporation's securities.

The objective of this Policy is to ensure that communications to the investors, analysts, media representatives and the public (the investment community) by the Corporation are:

- Timely, factual and accurate
- Broadly disseminated in accordance with all applicable legal and regulatory requirements
- Fair, transparent, balanced and consistent

This Disclosure Policy extends to all officers and employees of the Corporation and other individuals who are engaged in providing professional and business services to the Corporation (the contractors), its Board of Directors and those authorized to speak on its behalf.

The Disclosure Policy covers disclosures in documents filed with the securities regulators and written statements made in the Corporation's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained in the Corporation's website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

### **Disclosing Material Information**

Under the Disclosure Rules, "material information" is information that has a significant effect, or would reasonably be expected to have a significant effect, on the market price of the Corporation's securities. The Corporation must disclose material information to the public immediately, unless early disclosure would be unduly detrimental to the Corporation. In such cases, the information may be kept confidential for a limited period of time.

The officers responsible for determining whether particular information is material and must therefore be disclosed, or may be kept confidential in compliance with the Disclosure Rules are:

- President and Chief Executive Officer
- Chief Financial Officer

At least one of the above named officers (the "Responsible Officers") should be involved in, and provide input to, the decision as to whether certain information is material and must therefore be disclosed in accordance with the Disclosure Rules. In the event of a failure to achieve consensus with respect to the decision and timing of disclosure, the decision of the President, or in his absence, the Secretary should prevail.

In order to assist the Responsible Officers in deciding on what information is material, the following

developments are likely to require prompt disclosure:

- Changes or proposed changes in share ownership that may affect control of the Corporation.
- Changes or proposed changes in corporate structure through a business combination, reorganization or amalgamation.
- Proposed takeover bids or issuer bids.
- Proposed material corporate acquisitions or dispositions. A guideline for “materiality” in this respect is the “value” of the acquisition or disposition being 10% or more of the then present market value of the Corporation’s common shares.
- The borrowing of a significant amount of funds, outside the ordinary course of business.
- A proposed public or private sale of additional securities of the Corporation.
- Entering into or loss of "significant" contracts.
- Significant results from exploration activities.
- Significant changes in capital investment plans or corporate objectives.
- Significant changes in management.
- Significant litigation.
- Significant labour disputes or disputes with major contractors or suppliers.
- Events of default under financing or other significant agreements.
- Occurrences or threats that could have a material effect on the assets or operations of the Corporation.

The President is primarily responsible for the content of any press release disclosing material information.

The President should be primarily responsible for communications with the media, securities analysts, shareholders and prospective investors. In the absence of the President, this responsibility falls to the Chief Financial Officer. This responsibility may be delegated to responsible persons within the Corporation or at any investor relations firm engaged by the Corporation for such purpose.

In order to ensure that the Responsible Officers are able to fully comply with the Disclosure Rules and this Policy, it is important that such officers:

- Be completely familiar with the operations of the Corporation and up to date on any pending material developments; and
- Have a sufficient understanding of the Disclosure Rules to be able to decide whether or not particular information is material.

To this end, the Chief Financial Officer, or his delegate, shall be responsible for maintaining a file containing all relevant public information about the Corporation, including the following documentation produced since the commencement of the last completed fiscal year of the Corporation:

- Annual Report.

- Management Information Circular.
- Annual Information Form.
- News Releases.
- Analysts' Research Reports.
- Articles appearing in newspapers, periodicals and other publications.
- Current fact sheet and other information included in the Corporation's investor information package.

### **Maintaining the Confidentiality of Information**

As set forth above, the Disclosure Rules contemplate restricted circumstances in which disclosure of material information may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interests of the Corporation.

To the extent practicable, the Responsible Officers shall consult legal counsel with respect to the timing of disclosure.

In order to assist the Responsible Officers in making an appropriate determination, the following are examples of circumstances in which the Responsible Officers may conclude that the disclosure would be unduly detrimental to the Corporation's interests:

- Release of the information would prejudice the ability of the Corporation to pursue specific and limited objectives or to complete a transaction or series of transactions that are currently underway. For example, premature disclosure of the fact that the Corporation intends to purchase a significant asset may increase the cost of making the acquisition.
- Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be confidential if the detriment to the Corporation resulting from disclosure would outweigh the detriment to the market in not having access to the information. Such information should not be withheld if it is available to competitors from other sources. Caution should be exercised when considering non-disclosure for competitive reasons and consideration should be given to engaging legal counsel.
- Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with a transaction, or at a later point in time, finalization of the terms of the transaction.

In order to keep material information confidential, the Responsible Officers should ensure that:

- The information is not disclosed to any other person in or outside the Corporation, except in the necessary course of business.
- If the information is required to be disclosed in the necessary course of business, the persons receiving such information understand that it is to be kept confidential and that

to the extent possible, such persons enter into agreements with the Corporation prohibiting disclosure or use of the information in any way, other than for the purposes of the particular transaction under discussion or negotiation, if any.

- There is no selective disclosure of confidential information to third parties including, without limitation, brokers, research analysts or investors.

In the event that selective disclosure of confidential information inadvertently occurs, the Responsible Officers shall ensure that the Corporation immediately discloses such information publicly by issuing a news release and reports the inadvertent disclosure to the Corporate Governance and Compensation Committee of the Corporation (the "Governance Committee").

In order to assist the Responsible Officers to maintain confidentiality of information, particularly in the context of a proposed or ongoing transaction, the Responsible Officers should ensure that:

- Only those persons directly responsible for the negotiation or implementation of a transaction be permitted access to confidential documents and other information relating to the transaction.
- Ensure that confidential documents being prepared or maintained on the Corporation's computer systems are "password protected" in order to avoid electronic access from third parties.
- All staff involved in a transaction are advised in writing at the outset of a particular transaction that all information and documentation respecting such transaction is to be kept confidential and that communications of any kind regarding investment in the Corporation's securities should cease, in order to avoid influencing the investment decisions of third parties in circumstances where the persons are prohibited from trading in the Corporation's securities.

## News Releases

Once the Responsible Officers determines that a development is material, it will authorize the issuance of a news release, unless the Responsible Officers determines that such developments must remain confidential for the time being, in which case appropriate confidential filings will be made and control of that material information is instituted. Should a material statement inadvertently be made in a selective forum, the Corporation will immediately issue a news release in order to fully disclose that information.

**If the stock exchange(s) upon which shares of the Corporation are listed is/are open for trading at the time of a proposed announcement, prior notice of a news release announcing material information must be provided to the market surveillance departments to enable a trading halt, if deemed necessary by the stock exchange(s). If a news release announcing material information is issued outside of trading hours, market surveillance must be notified before the market opens.**

Annual and interim financial results will be publicly released as soon as practicable following board review and approval.

News releases will be disseminated through an approved news wire service that provides simultaneous national and/or international distribution. News releases will be transmitted to all stock exchange members, relevant regulatory bodies, major business wires, national financial media and, at the option of the Corporation, the local media in areas where the Corporation has its headquarters

or operations.

**News releases will be posted on the Corporation's website as soon as practicable after release over the news wire. The news release page of the website shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent news releases.**

### **Electronic Communications Disclosure**

The Corporation recognizes that dissemination of information via electronic mail, the Corporation's website or otherwise through the Internet is subject to the Disclosure Rules and is viewed by the Corporation as an extension of its formal corporate disclosure record. However, the Corporation also recognizes that the responsible use of electronic media will permit the Corporation to make information accessible, accurate and timely for shareholders and prospective investors.

The following Disclosure Rules are applicable to all corporate disclosure by the Corporation through electronic communications:

- The Corporation must ensure that material information posted on its website and the websites of its subsidiaries is not misleading. Material information is misleading if it is incomplete, incorrect or omits facts so as to make another statement misleading. In this regard, the Corporation shall regularly review and update or correct the information on applicable websites. In addition, since providing incomplete information or omitting material facts may also be misleading, the Corporation shall include on its website all news releases, not just favourable ones. To the extent possible, documents posted on a website should be posted in their entirety.
- The Corporation's directors, officers and employees are prohibited from using the Internet to "tip" or discuss in any form undisclosed material information about the Corporation. In addition, the Corporation shall not post a material news release on its website or distribute the news release by electronic mail before it has been disseminated on a news wire service in accordance with the Disclosure Rules.
- If the Corporation is considering a public distribution of its securities, the Corporation should carefully review its website in consultation with the Corporation's legal advisors in advance of and during the offering. Documents related to the public distribution of securities should only be posted on the website if they are filed with and receipted by the appropriate securities regulator. All promotional materials related to the distribution should be reviewed before they are posted on the website to ensure that such materials are consistent with the disclosure made in the offering documents.

The Chief Financial Officer, or his delegate, shall be primarily responsible for compliance with the Corporation's policy on electronic communications. This responsibility includes ensuring that the websites of the Corporation and its subsidiaries are properly reviewed and updated. The following guidelines apply to the Corporation's website:

- All material public documents shall be posted on the website as soon as practicable following dissemination, which public documents include the annual report (including financial statements), the interim financial statements, news releases, management proxy circulars and any other formal communications to shareholders.

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- All supplemental information provided to analysts and other market observers but not otherwise distributed publicly should be posted on the website as soon as practicable following its distribution. Supplemental information includes such material as fact sheets, highlighted financial information, brochures or other materials distributed to such persons.
- The website shall contain an e-mail link for investors to communicate directly with the Corporation and/or an investor relations firm retained by the Corporation, if any. The only information that may be transmitted electronically is the information that is currently or should be posted on the website.
- The Corporation shall maintain an electronic mail distribution list, permitting users to access its website to subscribe to receive electronic delivery of news directly from the Corporation after the information has been disseminated on a news wire service.

The Corporation recognizes that all correspondence received and sent via e-mail by employees of the Corporation and its subsidiaries is corporate correspondence. As such, employees are prohibited from participating through Internet chat rooms or news groups in discussions relating to the Corporation or its securities.

As a general rule, the Corporation shall not post any investor relations information on its website that is not authored by the Corporation. In particular, the Corporation shall not post reports prepared by security analysts with respect to the Corporation or its securities. However, upon receiving a request from an investor, a hard copy of analyst reports may be sent to the investor provided that the following safeguards are taken:

- Permission to reprint and/or send the report has been obtained in advance from the analyst.
- The transmitting correspondence clearly indicates that the information represents the views of the analyst and not necessarily those of the Corporation. The entire analyst report, together with any updates prepared by the analyst, shall be forwarded.
- All analyst reports that are available to the Corporation and that the Corporation has permission to distribute should be distributed to the investor. To the extent that to the knowledge of the Corporation, there are other reports available that are not in the possession of the Corporation or that the Corporation does not have permission to distribute, the transmitting correspondence shall provide a list of those analysts together with contact information so that investors may contact the analyst directly.

To the extent that the Corporation establishes links between its website and third party sites, a disclaimer should be included that the user is leaving the Corporation's website and that the Corporation is not responsible for the contents of the other website. In addition, the Corporation's website shall clearly distinguish the section containing investor relations information from sections containing other information, particularly those related to suppliers or customers to the business of the Corporation or its subsidiaries. For this purpose, the website shall maintain links to the websites of the Corporation's subsidiaries.

Investor relations information shall be recorded on the Corporation's website such that the most recent information appears first. News releases shall be maintained on the website for a minimum period of one year from the date of issue. Financial statements shall be maintained for a minimum period of one year from the date of issue. The minimum retention period for all other investor

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relations information posted on the website shall be determined by the President after consultation with the other Responsible Officers.

If the Corporation becomes aware of a rumour on a chat room, news group or any other source that may have a material influence on the price of its common shares, one of the Responsible Officers shall immediately contact Regulation Services, or such other party responsible for market surveillance on behalf of the stock exchange on which the Corporation's shares are traded, to consult as to whether it is necessary or advisable in the circumstances to issue a clarifying news release.

The Corporation shall establish procedures to assure security of its website and electronic mail. To ensure the security of its electronic communication, the Corporation shall establish the following procedures:

- The securities systems implemented to protect the integrity of the Corporation's website and electronic mail shall be reviewed periodically.
- The Corporation's website shall be monitored periodically to ensure that the site is accessible and has not been altered.

### **Communication and Enforcement**

This Disclosure Policy shall be circulated to all employees on an annual basis and whenever changes are made. A copy of this Disclosure Policy shall be posted on the Company's website. New directors, officers, employees and contractors shall be provided with a copy of this Disclosure Policy and shall be educated about its importance.

Any employee who violates this Disclosure Policy may face disciplinary action up to and including termination of his or her employment with the Corporation without notice. The violation of this Disclosure Policy may also violate certain securities laws. If it appears that an employee may have violated such securities laws, the Corporation may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

Any questions or concerns with respect to this Disclosure Policy should be referred to the Chief Financial Officer.