

EPM and Canacol Energy Execute Contract to Guarantee Natural Gas Supply in Antioquia

CALGARY, ALBERTA – (August 26, 2021) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that EPM and Canacol Energy signed a natural gas sales contract to supply the demand of natural gas from EPM in Antioquia from 2024 while prioritizing the households wellbeing and environmental protection.

Under the terms of the contract, Canacol Energy will deliver gas to EPM in Medellín effective December 1, 2024, with an initial volume of approximately 21 million standard cubic feet per day (MMscfpd), a volume that will increase during the duration of the contract following the anticipated demand behavior.

Charle Gamba, President and CEO of Canacol, stated: "The execution of this supply contract with EPM marks an important milestone in the history of our company, as it connects Canacol Energy with the interior market for the first time, diversifying our customer base and geographical exposure, as well as providing significant growth in natural gas sales. At Canacol Energy we are convinced that a clean and affordable energy supply is fundamental to the success of Antioquia's economic and social development, therefore, our commitment is to deliver the natural gas necessary to improve the quality of life of millions of Antioquians in a safe, sustainable and profitable way".

Important Benefits

This supply contract, together with the construction of a new gas pipeline project to be managed by Canacol Energy, will allow Antioquia to guarantee its long-term energy sufficiency through national resources. The above, in addition to representing benefits for the country in terms of royalties and taxes, will contribute greatly to the generation of employment and social development in the region, at a time of great challenges due to the COVID-19 pandemic.

The contract and new gas pipeline also mark an important milestone, as Antioquia will have a new and growing source of natural gas supply, as an alternative or substitute for the traditional ones from La Guajira and Cusiana.

Jorge Andrés Carrillo Cardoso, General Manager of EPM, stated: "This new contract will supply us with natural gas for eleven years after the start of the contract with Canacol Energy, with the purpose of providing a service for our customers in Antioquia with quality, continuity, coverage and reliability for users of today and the future."

For The Planet

Another important benefit of the executed supply contract is that, with it, customers in the non-regulated market will have availability of natural gas to sign long-term contracts, promoting the decarbonization process of the economy in Antioquia.

The project adds and supports the efforts of the National Government in its transition towards a more sustainable energy matrix, with the aim of reducing emissions (GHG) by 51% by 2030. EPM and Canacol Energy, as leading companies in the gas sector, recognize the opportunity to play a key role in supporting the decarbonization of the Colombia's economy by supplying natural gas, an environmentally friendly fuel due to its low emissions of carbon dioxide and particulate matter.

Canacol Energy will be providing additional details early next week.



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

On the other hand, EPM provides natural gas service in 120 townships in 92 municipalities of Antioquia to more than 1,350,000 customers.

To offer the service, EPM has an infrastructure of 88 kilometers of steel network and 8,319 kilometers in the distribution network. This is how a universalization of the service of 86% is achieved today. Additionally, in its commitment to environmental protection and air care, the Company has 17 natural gas (NGV) stations with its own brand for the service of the community.

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

<http://www.canacolenergy.com>

