Canacol Energy Ltd. Reports an 11% Increase in Netback and an Adjusted EBITDAX of $62 million in Q3 2023

CALGARY, ALBERTA - (November 9, 2023) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to report its financial and operating results for the three and nine months ended September 30, 2023. Dollar amounts are expressed in United States dollars, with the exception of Canadian dollar unit prices ("C$") where indicated and otherwise noted.

Highlights for the three and nine months ended September 30, 2023

- Adjusted EBITDAX increased 11% and 14% to $62.1 million and $183.7 million for the three and nine months ended September 30, 2023, respectively, compared to $56 million and $160.8 million for the same periods in 2022, respectively.
- The Corporation's natural gas and LNG operating netback increased 11% and 10% to $4.14 per Mcf and $4.03 per Mcf, for the three and nine months ended September 30, 2023, respectively, compared to $3.73 per Mcf and $3.66 per Mcf for the same periods in 2022, respectively. The increase is mainly due to an increase in average sales prices, net of transportation expenses, offset by an increase in operating expenses and royalties.
- Total revenues, net of royalties and transportation expenses for the three and nine months ended September 30, 2023 both increased 9% to $76.6 million and $225.1 million, respectively, compared to $70.1 million and $206.3 million for the same periods in 2022, respectively, mainly due to higher average sales price, net of transportation expenses.
- Adjusted funds from operations increased 26% and 3% to $49 million and $115.3 million for the three and nine months ended September 30, 2023, respectively, compared to $38.7 million and $111.6 million for the same periods in 2022, respectively, mainly due to an increase in EBITDAX.
- Realized contractual natural gas sales volume decreased 3% and 1% to 178.2 MMcfpd and 182.8 MMcfpd for the three and nine months ended September 30, 2023, respectively, compared to 184.2 MMcfpd and 184.7 MMcfpd for the same periods in 2022, respectively. The decrease is due to the unusual and unexpected temporary decrease in the Corporation's production capacity.
- The Corporation realized a net loss of $0.5 million and net income of $56.3 million for the three and nine months ended September 30, 2023, respectively, compared to a net loss of $4.5 million and a net income of $13.6 million for the same periods in 2022, respectively.
- Net cash capital expenditures for the three and nine months ended September 30, 2023 were $43.8 million and $142.9 million, respectively.
- As at September 30, 2023, the Corporation had $48.3 million in cash and cash equivalents and $4.4 million in working capital deficit.

Outlook

For the remainder of 2023, the Corporation is focused on 1) completing its development drilling program with the Nelson-16 and Pandereta-10 wells targeting productive sandstones of the CDO reservoir which it expects will restore productive capacity beyond the approximately 185 MMcfpd that exists today, 2) advancing the Macao 3D seismic program on the VIM-5 block which is targeted for completion in January of 2024, 3) contracting a 3,000 horsepower drilling rig in order to drill the Pola-1 exploration well in the Middle Magdalena Valley basin in the first half of 2024, and 4) working towards the execution of a fourth production contract in Bolivia.

The Corporation's original 2023 EBITDA guidance was a range of $190 million to $263 million. As the first nine months of 2023 EBITDA totaled $184 million, and with anticipated favorable pricing due to El Nino for the remainder of the year, the Corporation expects to be near the upper end of its guidance.

FINANCIAL & OPERATING HIGHLIGHTS

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

Financial	Three months ended			Nine months ended September		
	2023	2022	Change	**2023**	2022	Change
Total revenues, net of royalties and transportation expense	**76,618**	70,133	9%	**225,136**	206,272	9%
Adjusted EBITDAX[1]	**62,103**	56,015	11%	**183,685**	160,847	14%
Adjusted funds from operations[1]	**48,950**	38,715	26%	**115,329**	111,617	3%
Per share – basic ($)[1][2]	**1.44**	1.13	27%	**3.38**	3.25	4%
Per share – diluted ($)[1][2]	**1.44**	1.13	27%	**3.38**	3.25	4%
Cash flows provided (used) by operating activities	**66,212**	61,994	7%	**72,768**	135,395	(46%)
Per share – basic ($)[2]	**1.94**	1.82	7%	**2.13**	3.94	(46%)
Per share – diluted ($)[2]	**1.94**	1.82	7%	**2.13**	3.94	(46%)
Net income (loss) and comprehensive income (loss)	**(524)**	(4,463)	n/a	**56,340**	13,550	316%
Per share – basic ($)[2]	**(0.02)**	(0.13)	n/a	**1.65**	0.39	323%
Per share – diluted ($)[2]	**(0.02)**	(0.13)	n/a	**1.65**	0.39	323%
Weighted average shares outstanding – basic[2]	**34,111**	34,118	—%	**34,111**	34,330	(1%)
Weighted average shares outstanding – diluted[2]	**34,111**	34,118	—%	**34,111**	34,330	(1%)
Net cash capital expenditures[1]	**43,830**	45,742	(4%)	**142,938**	115,906	23%
				Sep 30, 2023	Dec 31, 2022	Change
Cash and cash equivalents				**48,342**	58,518	(17%)
Working capital surplus (deficit)				**(4,431)**	(22,603)	(80%)
Total debt				**658,560**	550,752	20%
Total assets				**1,132,709**	1,014,848	12%
Common shares, end of period (000's)[2]				**34,111**	34,111	—%

Operating	Three months ended			Nine months ended September		
	2023	2022	Change	**2023**	2022	Change
Production[1]						
Natural gas and LNG (Mcfpd)	**181,028**	186,695	(3%)	**185,708**	186,808	(1%)
Colombia oil (bopd)	**531**	544	(2%)	**541**	515	5%
Total (boepd)	**32,290**	33,298	(3%)	**33,121**	33,288	(1%)
Realized contractual sales[1]						
Natural gas and LNG (Mcfpd)	**178,188**	184,163	(3%)	**182,827**	184,655	(1%)
Colombia oil (bopd)	**511**	558	(8%)	**540**	512	5%
Total (boepd)	**31,772**	32,867	(3%)	**32,615**	32,908	(1%)
Operating netbacks[1]						
Natural gas and LNG ($/Mcf)	**4.14**	3.73	11%	**4.03**	3.66	10%
Colombia oil ($/bbl)	**25.99**	27.48	(5%)	**23.55**	23.98	(2%)
Corporate ($/boe)	**23.62**	21.31	11%	**22.95**	20.89	10%

(1) Non-IFRS measures – see "Non-IFRS Measures" section within the MD&A.
(2) Restated to reflect the 5:1 share consolidation on January 17, 2023 - see "Share Consolidation" section within the MD&A.

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This press release should be read in conjunction with the Corporation's interim condensed consolidated financial statements and related Management's Discussion and Analysis ("MD&A"). The Corporation has filed its interim condensed consolidated financial statements and related MD&A as at and for the three and nine months ended September 30, 2023 with Canadian securities regulatory authorities. These filings are available for review on SEDAR at www.sedar.com.

Canacol is a natural gas exploration and production company with operations focused in Colombia. The Corporation's shares are traded on the Toronto Stock Exchange under the symbol CNE, the OTCQX in the United States of America under the symbol CNNEF, the Bolsa de Valores de Colombia under the symbol CNEC.

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”, “target”, “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. Information and guidance provided herein supersedes and replaces any forward looking information provided in prior disclosures. 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. Other risks are more fully described in the Corporation’s most recent Management Discussion and Analysis (“MD&A”) and Annual Information Form, which are incorporated herein by reference and are filed on SEDAR at www.sedar.com. Average production figures for a given period are derived using arithmetic averaging of fluctuating historical production data for the entire period indicated and, accordingly, do not represent a constant rate of production for such period and are not an indicator of future production performance. Detailed information in respect of monthly production in the fields operated by the Corporation in Colombia is provided by the Corporation to the Ministry of Mines and Energy of Colombia and is published by the Ministry on its website; a direct link to this information is provided on the Corporation’s website. References to “net” production refer to the Corporation’s working-interest production before royalties.

Use of Non-IFRS Financial Measures - Such supplemental measures should not be considered as an alternative to, or more meaningful than, the measures as determined in accordance with IFRS as an indicator of the Corporation’s performance, and such measures may not be comparable to that reported by other companies. This press release also provides information on adjusted funds from operations. Adjusted funds from operations is a measure not defined in IFRS. It represents cash provided (used) by operating activities before changes in non-cash working capital and the settlement of decommissioning obligation, adjusted for non-recurring charges. The Corporation considers adjusted funds from operations a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Adjusted funds from operations should not be considered as an alternative to, or more meaningful than, cash provided by operating activities as determined in accordance with IFRS as an indicator of the Corporation’s performance. The Corporation’s determination of adjusted funds from operations may not be comparable to that reported by other companies. For more details on how the Corporation reconciles its cash provided by operating activities to adjusted funds from operations, please refer to the “Non-IFRS Measures” section of the Corporation’s MD&A. Additionally, this press release references Adjusted EBITDAX and operating netback measures. Adjusted EBITDAX is defined as consolidated net income adjusted for interest, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-recurring or non-cash charges. Operating netback is a benchmark common in the oil and gas industry and is calculated as total natural gas, LNG and petroleum sales, net transportation expenses, less royalties and operating expenses, calculated on a per barrel of oil equivalent basis of sales volumes using a conversion. Operating netback is an important measure in evaluating operational performance as it demonstrates field level profitability relative to current commodity prices. Adjusted EBITDAX and operating netback as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities.

Operating netback is defined as revenues, net transportation expenses less royalties and operating expenses.

Realized contractual sales is defined as natural gas and LNG produced and sold plus income received from nominated take-or-pay contracts without the actual delivery of natural gas or LNG and the expiry of the customers’ rights to take the deliveries.

The Corporation’s LNG sales account for less than one percent of the Corporation’s total realized contractual natural gas and LNG sales.

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. 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 Mcf:1, utilizing a conversion on a 5.7 Mcf:1 basis may be misleading as an indication of value.

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