



Canacol Energy Ltd. Provides Gas Sales and Drilling Update

CALGARY, ALBERTA – (July 5, 2023) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following gas sales and operations update.

June Gas Sales of 186 MMscfpd

Realized contractual natural gas sales (which are gas produced, delivered, and paid for) were 186 million standard cubic feet per day for June 2023.

Lulo 2 - Tests 24 MMscfpd

As announced on June 6, 2023, the Lulo 2 appraisal well, located on the 100 percent operated VIM21 Exploration and Production ("E&P") contract, encountered 230 feet true vertical depth of net gas pay with average porosity of 20 percent within the primary Cienega de Oro ("CDO") sandstone reservoir. The Lulo 2 well was tied into permanent production and flow tested 24 MMscfpd.

Chimela 1 – Basal Lisama tests 353 BOPD

As announced on January 23, 2023, the Chimela 1 exploration well, located on the 100% operated VMM45 E&P contract located in the Middle Magdalena Basin, encountered 85 feet of net oil and gas pay within the Tertiary aged Basal Lisama sandstone reservoir.

The Basal Lisama sandstone reservoir was perforated in various intervals between 13,625 and 13,694 feet measured depth and tested with a jet pump for 62 hours at an average rate of 353 barrels of oil per day ("bopd") of 23.6 degree API oil. The average water cut during this flow period varied between 2-3% and constant THP (Tubing Head Pressure) of 40 psi was maintained. The well is currently shut in for a build-up period of 20 days.

Once the pressure data has been collected, a development plan will be formulated and executed to rapidly commercialize the Chimela discovery. Chimela is located approximately 7 kilometers from the Acordionero field operated by Gran Tierra Energy. The Acordionero field produces approximately 18,600 bopd from the same reservoirs that have proven productive at Chimela.

Near term drilling plans – Piña Norte, Cereza, and Malfadine near field exploration wells

Canacol's near field exploration program includes the successful Lulo discovery, as well as the Piña Norte, Cereza, and Malfadine prospects. The program is targeting exploration prospects located close to the Jobo production facility that can be commercialized very quickly, allowing the Corporation to build productive capacity in order to meet the anticipated high demand for gas associated with the upcoming El Niño phenomena.

The Corporation spud the Piña Norte 1 exploration well on its 100% operated VIM21 E&P Contract on June 26, 2023. The well is located approximately 500 meters to the west of the Jobo gas treatment facility and is targeting gas charged reservoirs in the CDO sandstone identical to those encountered at the nearby Lulo discovery. The Corporation anticipates that that well will be drilled, completed, and tied into production within the next 3 weeks. If successful, the Corporation will drill the Piña Norte 2 appraisal well immediately upon completion of the Piña Norte 1 well.

The Corporation plans to spud the Cereza 1 exploration well, located on its 100% operated VIM21 E&P contract, in early August. The well is located approximately 500 meters to the north of the Jobo production facility, and it also targeting gas charged sandstones of the CDO reservoir. The well will take approximately 3 weeks to drill, complete, and tie into production. If successful, the Corporation will immediately drill the Cereza 2 appraisal well.





The Malfadine 1 exploration well will be the next well to be drilled in the nearfield exploration program, which is located approximately 1.5 kilometers to the northwest of the Jobo production facility. Malfadine 1 is also targeting gas charged reservoirs within the CDO sandstone and will take 3 weeks to drill and complete. If successful, the Corporation will immediately drill the Malfadine 2 and 3 appraisal wells.

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.

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