EDISON

Canacol Energy

FY19 results

Fixed-contract gas prices protect cash flows

Oil & gas

Canacol Energy has recently reported record annual production of 143mmscfd for FY19 in line with our estimates. Key drivers for an increase of 28% in production versus FY18 include the completion of the Jobo to Cartagena, 100mmscfd pipeline. Management expects production for 2020 to be c 205mmscfd and capex for the year of c US$114m. Although the oil and gas industry is facing severe headwinds, which include the impact of coronavirus on global energy demand and the Russia/Saudi Arabia oil price war, Canacol fundamentals remain protected due to fixed contract gas prices. As a consequence, the company is able to maintain its capex, production, EBITDAX guidance and dividend for FY20, while its peers had to resort to cuts to protect their balance sheets. Our 2P + risked exploration NAV has decreased by 2% to C$7.02/share, reflecting higher actual end-FY19 net debt of US$300m versus our estimate of US$271m.

Year-end	Revenue* (US$m)	Adj EBITDAX** (US$m)	Cash from operations (US$m)	Net debt*** (US$m)	Capex**** (US$m)	Yield (%)
12/18	204.5	138.6	94.0	288.1	(75.5)	N/A
12/19	219.5	162.8	108.4	300.3	(84.3)	1.5
12/20e	302.7	259.9	219.4	252.9	(114.0)	5.8
12/21e	310.3	265.9	221.4	205.0	(116.9)	5.8

Note: *Revenue net of transport expense and royalty. **Adjusted EBITDAX is before non-recurring or non-cash charges and exploration expense. ***Cash and equivalents minus short- and long-term debt. ****Forecasts based on 2P production profile.

FY19 delivers record production

In 2019, Canacol achieved record average annual production of 143mmscfd, representing an increase of 28% compared to 112mmscfd in 2018. This was made possible due to the completion of the Jobo to Cartagena pipeline, which increased the company's export capacity to c 215mmscfd. Canacol also announced its updated 2P gas reserves totalling c 624bcf at 31 December 2019, c 12% higher than its 31 December 2018 values.

Coronavirus does not affect take or pay contracts

Canacol's production mix consists of 100% gas, with c 80% being sold under take or pay contracts denominated in US dollars. The remaining c 20% is sold at domestic spot prices. Canacol is therefore relatively well protected from current effects of the coronavirus on global energy demand and lower oil prices and, at a time when its oil production/price-weighted peers have to resort to capex, output and capital distribution cuts, it remains well positioned in the short to medium term.

Valuation: RENAV at C$7.02/share

Our base case valuation of Canacol stands at C$7.02/share. The company trades on an FY20e P/CF of 2.6x versus its Canadian peers on 1.2x, and its peer group of North American E&Ps with South American operations on 1.4x. We believe this premium is driven by certainty of price realisations and a strong free cash flow yield relative to peers. Also reflective of this is the fact that Canacol's share price has only decreased c 20% since our last note, while its peer group with South American operations fell by 61%.

26 March 2020

Price	**C$3.60**
Market cap	**C$648m**
	C$1.32/US$
Net debt (US$m) at 17 March 2019	342
Shares in issue	180.1m
Free float	80%
Code	CNE
Primary exchange	TSX
Secondary exchange	BVC

Share price performance

%	1m	3m	12m
Abs	(16.7)	(21.8)	(17.1)
Rel (local)	8.9	2.2	1.4
52-week high/low		C$5.03	C$2.82

Business description

Canacol Energy is a natural gas exploration and production company primarily focused in Colombia.

Next events

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Edison profile page

Canacol EnergyCanacol Energy is a research client of Edison Investment Research Limited

FY19 results and FY20 work plan

2019 was a transformational year for Canacol. With the expansion of the 85km of 20-inch gas pipeline between its operated Jobo gas processing facility and Cartagena, the company increased its export capacity by 100mmscfd. Around one month after completing the pipeline, Canacol announced that it had achieved a record 217mmscfd of natural gas sales in August 2019. This led to the company achieving a record average annual production of 143mmscfd, an increase of 28% compared to 2018. Canacol also announced its updated 2P gas reserves totalling c 624bcf at 31 December 2019, c 12% higher than its 31 December 2018 values. In 2019, Canacol also paid its maiden dividend of C$0.052/share.

For 2020, Canacol's main objectives include drilling 12 wells, including nine exploration wells, representing the largest ever exploration programme executed by the company, one appraisal well and two development wells. The company plans to invest c US$114m in capex for 2020, which will be fully funded from existing cash and 2020 cash flow. The budget also allows for a minimum of US$7m in quarterly dividends, as well as c US$15m in debt reduction in 2020. Management has also been working on delivering a definitive agreement for the construction of a new gas pipeline from Jobo to Medellin, which will increase its sales capacity by 100mmscfd to a total of 315mmscfd by the end of 2023.

Canacol cash flows protected against oil market weakness

Canacol's production mix consists of 100% natural gas with no oil production, with c 80% of gas production sold under long-term (typically of five to 10 years' duration and including inflation clauses) take or pay contracts denominated in US dollars and priced at the wellhead. The remaining c 20% is sold under interruptible contracts also denominated in US dollars and priced at the wellhead. The spot portion of the portfolio is usually sold at a higher price. We note that Colombia's spot prices are not linked to global oil or gas price benchmarks, and usually these higher prices compensate for any transportation costs associated, resulting in realized prices, net of transportation, being consistent with Canacol's fixed-priced contracts.

Consequently, Canacol is shielded from the current effects of low oil prices, which have seen its oil-weighted peers recently cutting their capital programmes, production forecasts and return of capital to shareholders. In the long term, if natural gas demand decreases in Colombia due to persistent low economic activity, only the 20% of spot pricing contracts might be affected. Nonetheless, this has not been observed yet.

As such, Canacol maintains its previously announced 2020 capex, production and distribution of capital guidance. The 2020 capital budget remains at US$114m, which is expected to be fully funded from existing cash held and 2020 cash flow. Canacol expects realized contractual gas sales for 2020 to average c 205mmscfd, 43% higher than the 2019 average. The average natural gas sales price, net of transportation costs, is expected to be US$4.80/mcf, which is in line with our expectations. Actual contractual gas sales during the period 1 January to 13 March 2020 averaged 207mmscfd.

Canacol's forecast production, EBITDAX and cash flow from operations for 2020 are expected to be substantially higher than previous years, with management guided EBITDAX at c US$265m, US$5m higher than our slightly updated estimate. Our resulting FY20e free cash flow (FCF) of c US$75m is sufficient to cover quarterly dividends of US$7m (US$28m per year), reduce debt (Canacol estimates allocating c US$15m for debt reduction) and continue to repurchase common shares under its normal course issuer bid.

Valuation

Our 2P valuation incorporates discounted cash flows, reflecting monetisation of the company's existing reserve base, adjusting for overheads, net debt and decommissioning provisions to arrive at a NAV. We also look at two additional valuation scenarios that include incremental reserves over and above 2P. Here we include 'maintenance' capex (largely 3D seismic, exploration and development wells and tie-in costs) required to add reserves to sustain a production plateau. Our DCFs utilise a standardised discount rate of 12.5%, but we provide sensitivities to this key assumption later in this note. Key model inputs for our valuation scenarios can be found in our initiation note.

In our 2P valuation case, we use reported year-end 2019 reserves of 624bcf, reflecting a relatively short production plateau of 205mmscfd sales prior to terminal decline, assuming minimal incremental drilling beyond planned development wells and zero value for acreage and prospective resource. Changes to our valuation include an updated end-FY19 net debt position of US$300m versus our previous estimate of US$271m, and lower operating costs following company guidance of US$0.25/mcf versus our previous estimates of US$0.27/mcf. Our base case valuation currently stands at C$7.02/share reflecting, a 2% decrease on our previous valuation of C$7.16/share.

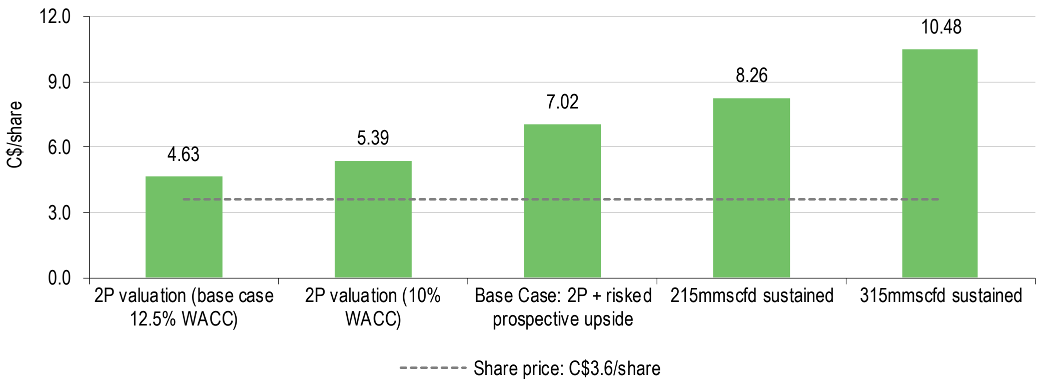
Exhibit 1: Base case NAV breakdown

				Recoverable reserves		Net risked value @ 12.5%		
Asset	Country	Diluted WI	CoS	Gross	Net	NPV per mcf	NPV	Risked
		%	%	bcf	bcf	US$/mcf	US$m	C$/share
Net debt at end 2019							(300)	(2.04)
SG&A – NPV of 5 years							(90)	(0.61)
Decommissioning provisions							(16)	(0.11)
Cash from assumed exercise of options							56	0.38
Producing assets								
Esperanza	Colombia	100%	100%	276	276	1.78	490	3.33
VIM-21	Colombia	100%	100%	48	48	2.21	106	0.72
VIM-5	Colombia	100%	100%	300	300	1.45	436	2.96
Core NAV				**624**	**624**		**681**	**4.76**
Exploration/development upside								
Five-year programme (800bcf gross)	Colombia	100%	45%	800	800	0.98	353	2.40
Total NAV				**1,424**	**1,424**		**1,034**	**7.02**

Source: Edison Investment Research. Note: Number of shares = 180.1m + 14.2m = 194.3m (includes dilution from all share options)

The market appears to be undervaluing Canacol's 2P reserve base and its prospective resource, despite historically high exploration and appraisal (E&A) success rates, currently at 83%. We estimate a market-implied exploration success rate of just 80% based on 2.6tcf of net unrisked prospective resource (Gaffney Cline estimated Pmean). Exhibit 2 below shows the impact of our different valuation scenarios versus the current share price.

Exhibit 2: Edison valuation scenarios versus share price (base case at 12.5% WACC)



Source: Edison Investment Research. Note: Priced at 24 March 2020.

Discount rate sensitivity

We have used a generic discount rate of 12.5% in our valuation. This is in line with that used for funded, cash-generative E&Ps with operations in emerging markets, resulting in a valuation of C$7.02/share. At a 10% discount rate, it would increase to C$7.79/share. We provide a sensitivity to this key input below.

Exhibit 3: 2P and risked exploration NAV sensitivity (C$/share) to WACC

	8.0%	10.0%	12.5%	15.0%
2P NAV	6.11	5.39	4.63	3.98
Risked NAV (800bcf risked @ 45%)	8.51	7.79	**7.02**	6.38

Source: Edison Investment Research

Relative valuation

Canacol currently trades at a c 50% discount to our $NPV_{12.5}$ base case scenario valuation of the company's 2P reserve base plus prospective resources. Relative to Canacol's peer group, the free cash flow yield in FY20 (based on 205mmscfd plateau production and after maintenance capex) is high at 11.8%, supporting shareholder cash returns. Canacol trades at a P/CF multiple of 2.6x in FY20e, compared to its Canadian E&P peers on 1.2x and its North American E&P peers with South American operations on 1.4x. North American E&P peers with South American operations include Frontera Energy, Gran Tierra, Parex Resources, PetroTal and GeoPark. Since our last note, which was published before the markets crash and the oil price collapse, Canacol's share price has decreased by c 20%, while its peer group of North American E&Ps with South American operations has declined by 61%.

We feel this is justified given the company's historical exploration and appraisal success rates, as well as installed infrastructure capable of supporting plateau production well beyond that implied by current reserves. Other supporting factors include limited exposure to current commodity price volatility, low levels of debt and high netbacks, which could help justify a lower cost of capital than our assumed 12.5%. We provide a sensitivity to this driver in Exhibit 3.

Exhibit 4: Peer group valuation table

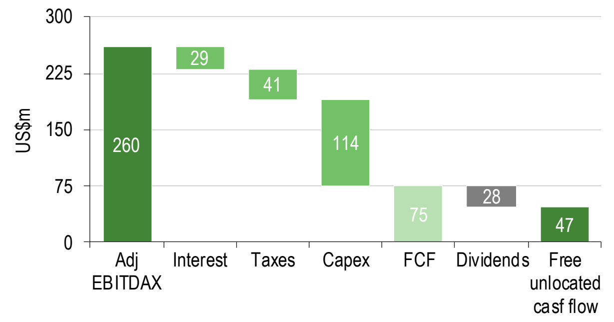
Company	Market cap ($m)	EV ($m)	EV/EBITDA FY20e	EV/EBITDA FY21e	FCF Yield FY20e	FCF Yield FY21e	P/CF FY20e	P/CF FY21e	Net debt/ EBITDA FY20e	Net debt/ EBITDA FY21e	Div yield FY20e	Prod FY20e	Prod growth FY20e	EV/kboed FY20e
Edison forecast - Canacol	**450**	**791**	**3.18**	**3.11**	**11.8%**	**11.8%**	**2.57**	**2.52**	**1.02**	**0.81**	**5.8%**	**36.0**	**44.1%**	**22.0**
Canacol peer group	**359**	**490**	**1.36**	**1.27**	**18.7%**	**11.1%**	**1.40**	**1.12**	**0.44**	**0.38**	**5.2%**	**41.4**	**37.5%**	**31.8**
Frontera Energy Corp	227	361	0.69	1.23	6.5%	-12.6%	0.82	0.83	0.14	0.25	17.4%	60.4	-14.8%	16.4
GeoPark	377	716	1.65	1.67	50.0%	26.4%	2.15	1.72	0.78	0.79	1.6%	48.6	21.4%	40.3
Gran Tierra Energy	77	674	2.66	1.96	23.5%	24.5%	0.47	0.41	2.36	1.74	0.0%	31.5	-9.5%	58.6
Parex Resources	1,048	653	1.49	1.18	12.8%	16.0%	2.57	2.19	(0.90)	(0.71)	0.0%	55.2	4.7%	32.4
PetroTal Corp	67	47	0.30	0.29	0.6%	1.3%	0.98	0.47	(0.17)	(0.16)	7.0%	11.5	185.8%	11.3
Canada	**609**	**1,815**	**3.84**	**3.49**	**5.4%**	**-8.3%**	**1.16**	**1.03**	**2.80**	**2.60**	**8.4%**	**107.0**	**1.8%**	**35.6**
Junior E&P <30kboed	**37**	**197**	**3.71**	**3.25**	**8.3%**	**-12.6%**	**1.01**	**0.85**	**2.57**	**2.45**	**10.1%**	**17.3**	**3.2%**	**30.7**
Altura Energy	9	9	2.95	1.88	-25.0%	-32.3%	2.50	1.67	0.02	0.01	0.0%	1.4	18.6%	18.7
Bonterra Energy Corp	20	230	4.75	4.30	51.6%	28.6%	0.56	0.53	4.29	3.89	7.0%	11.9	-3.6%	53.2
Cardinal Energy	27	165	4.66	4.71	8.9%	7.0%	0.95	0.79	3.82	3.86	17.1%	20.3	-2.8%	22.3
Crew Energy	17	287	5.88	6.05	36.9%	-76.6%	0.56	0.62	5.50	5.66	0.0%	21.0	-8.1%	37.5
Storm Resources	82	178	3.63	2.48	-9.1%	9.8%	2.00	1.60	1.86	1.27	0.0%	24.1	19.5%	20.3
Surge Energy	50	382	3.88	4.15	24.0%	-3.2%	0.75	0.80	3.33	3.56	30.7%	20.5	-3.4%	51.2
TORC Oil & Gas	77	316	2.05	2.01	5.5%	0.5%	0.62	0.57	1.51	1.48	30.4%	27.8	-1.8%	31.1
TransGlobe Energy Corp	32	37	2.86	1.20	36.4%	34.5%	0.74	0.67	0.43	0.18	5.7%	15.2	5.4%	6.7
Yangarra Resources	19	169	2.73	2.45	-54.2%	-82.0%	0.42	0.39	2.40	2.15	0.0%	13.2	5.0%	35.2
Intermediate E&P>30kboed	**244**	**941**	**4.02**	**3.61**	**0.4%**	**-9.4%**	**1.13**	**1.03**	**3.14**	**2.80**	**7.7%**	**66.2**	**1.6%**	**37.3**
Advantage Oil & Gas	145	366	3.16	2.50	-14.0%	-2.4%	1.62	1.12	1.82	1.44	0.0%	45.8	3.4%	21.9
Baytex Energy Corp	124	1,543	3.33	3.85	10.9%	-41.2%	0.47	0.52	3.04	3.50	0.0%	88.0	-9.9%	48.0
Bonavista Energy Corp	21	645	5.58	5.23	45.4%	-50.0%	0.23	0.24	5.39	5.05	0.0%	62.9	-0.8%	28.1
Canacol Energy	450	750	2.94	2.89	10.2%	9.5%	2.70	2.58	1.18	1.16	6.4%	36.2	41.6%	56.8
Enerplus Corp	307	698	2.26	2.16	-0.3%	-4.2%	1.11	1.15	1.20	1.15	6.0%	91.9	-9.1%	20.8
Frontera Energy Corp	227	361	0.69	1.23	6.5%	-12.6%	0.82	0.83	0.14	0.25	17.4%	60.4	-14.8%	16.4
Kelt Exploration	111	402	3.34	2.92	-8.7%	-9.9%	1.23	1.07	2.34	2.04	0.0%	35.9	19.9%	30.7
MEG Energy Corp	298	2,762	7.16	6.87	63.6%	22.7%	1.25	1.50	6.31	6.05	0.0%	94.8	1.9%	79.8
NuVista Energy	65	560	2.75	2.76	-27.5%	-26.5%	0.43	0.45	2.40	2.41	0.0%	55.2	8.7%	27.8
Painted Pony Energy	24	638	11.96	8.65	-71.8%	-19.9%	0.98	0.63	11.46	8.29	0.0%	47.8	-2.5%	36.6
Paramount Resources	101	608	3.48	2.87	-90.7%	-81.0%	0.92	0.72	2.85	2.35	0.0%	72.7	-11.8%	22.9
Parex Resources	1,048	653	1.49	1.18	12.8%	16.0%	2.57	2.19	(0.90)	(0.71)	0.0%	55.2	4.7%	32.4
Peyto Exploration & Development	137	1,002	4.79	4.17	3.5%	19.6%	0.79	0.65	4.07	3.55	18.6%	79.6	-1.5%	34.5
Vermilion Energy	342	1,893	4.08	3.36	40.9%	35.4%	0.86	0.81	3.27	2.69	42.2%	97.8	-2.5%	53.0
Whitecap Resources	263	1,232	3.32	3.52	25.6%	3.5%	0.94	1.03	2.55	2.70	25.5%	68.5	-3.6%	49.3
Large E&P>100kboed	**2,733**	**7,348**	**3.55**	**3.55**	**15.2%**	**2.7%**	**1.51**	**1.35**	**2.20**	**2.27**	**7.6%**	**391.0**	**-0.1%**	**39.4**
ARC Resources	728	1,434	3.21	3.54	14.1%	12.7%	1.82	1.74	1.49	1.64	15.0%	153.2	10.1%	25.6
Canadian Natural Resources	10,982	28,059	5.72	4.53	14.5%	16.8%	3.00	2.35	3.33	2.64	12.5%	1,166.3	6.1%	65.9
Crescent Point Energy Corp	336	2,670	3.44	4.69	33.3%	-35.6%	0.51	0.64	2.96	4.04	3.6%	134.2	-17.3%	54.5
Seven Generations Energy	319	1,881	2.13	2.11	5.1%	7.4%	0.49	0.48	1.73	1.72	0.0%	190.4	-6.2%	27.1
Tourmaline Oil Corp	1,302	2,698	3.23	2.86	9.2%	12.1%	1.73	1.55	1.50	1.33	6.9%	310.8	6.8%	23.8
US intermediate/large E&P	**3,355**	**8,110**	**3.93**	**3.94**	**6.1%**	**6.9%**	**1.44**	**1.35**	**2.70**	**2.76**	**3.7%**	**315.7**	**7.8%**	**66.0**
RoW intermediate/large E&P	**9,499**	**10,572**	**3.14**	**2.86**	**1.3%**	**2.2%**	**2.93**	**2.62**	**1.15**	**1.03**	**8.3%**	**409.0**	**32.2%**	**78.9**
Average	**2,847**	**5,630**	**3.65**	**3.49**	**6.2%**	**1.4%**	**1.51**	**1.38**	**2.41**	**2.35**	**6.0%**	**233.0**	**10.6%**	**54.2**

Source: Edison Investment Research, Bloomberg, Refinitiv estimates. Note: Prices as at 24 March 2020

Financials

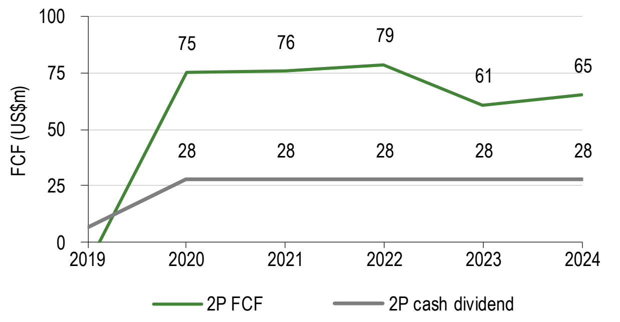
Canacol announced that it will invest an estimated c US$114m in capex in 2020, which will be fully funded from existing cash and 2020 cash flow. It expects EBITDAX of c US$265m for the year (vs our slightly revised estimate of US$260m). Canacol's budget also allows for a minimum of US$7m in quarterly dividends, as well as c US$15m in debt reduction in 2020. It also expects a decrease in net debt/EBTIDA in the coming years, guiding to 1.1x net debt/EBITDA for year-end 2020, compared to 2.1x in December 2019, in line with our updated estimates. We believe excess cash (see Exhibits 5 and 6) is likely to be directed at expanding Canacol's footprint through the drill bit, considering the extensive acreage the company owns around its producing facilities. The excess cash could also offer significant capacity for returns to shareholders, either via dividend payments or a share buyback programme.

Exhibit 5: Free cash flow waterfall in FY20e



Source: Edison Investment Research

Exhibit 6: Free cash flow forecasts



Source: Edison Investment Research

Exhibit 6 shows FCF generation under our 2P development scenario together with shareholder returns, taking into account the announced dividend and assuming it remains constant in the foreseeable future. We can see that with a yearly cash dividend of US$28m, under our base case scenario this is sustainable until at least 2025, even in our 2P scenario.

Exhibit 7: Financial summary

US$m	2017	2018	2019	2020e	2021e
Year-end December	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT&LOSS					
Revenue*	156.6	204.5	219.5	302.7	310.3
Cost of sales(opex)	(25.0)	(28.9)	(17.1)	(18.6)	(19.6)
Gross profit	131.6	175.6	202.4	284.1	290.7
General & admin	(26.5)	(28.2)	(29.0)	(24.2)	(24.8)
Share-based payments	(11.6)	(8.5)	(7.9)	(8.1)	(8.3)
Exploration expense	(27.1)	(13.7)	(3.0)	(3.0)	(3.1)
EBITDA	130.2	138.6	162.8	259.9	265.9
Depreciation	(35.8)	(44.2)	(54.3)	(73.2)	(73.2)
Operating Profit(before amort. and except.)	(90.0)	41.9	97.6	175.6	181.3
Intangible amortisation	-	-	-	-	-
Exceptionals	-	-	-	-	-
Other	-	-	-	-	-
EBIT	(90.0)	41.9	97.6	175.6	181.3
Net interest	(26.3)	(34.5)	(32.9)	(29.4)	(27.5)
Profit Before Tax (norm)	(116.4)	7.3	64.7	146.2	153.9
Profit Before Tax (FRS3)	(116.4)	7.3	64.7	146.2	153.9
Tax	(32.4)	(29.2)	(30.5)	(41.1)	(45.7)
Profit After Tax (norm)	(148.8)	(21.8)	34.2	105.1	108.2
Profit After Tax (FRS3)	(148.8)	(21.8)	34.2	105.1	108.2
Average Number of Shares Outstanding (m)	175.2	177.2	178.3	178.3	178.3
EPS – normalised (c)	(84.95)	(12.32)	19.21	58.96	60.68
EPS - normalised fully diluted (c)	(84.95)	(12.32)	19.21	58.96	60.68
EPS - (IFRS) (US$)	(0.85)	(0.12)	0.19	0.59	0.61
Dividend per share (c)	-	-	-	-	-
Gross margin (%)	84.01	85.87	92.19	93.84	93.69
EBITDA margin (%)	84.01	85.87	92.19	93.84	93.69
Operating margin (before GW and except.) (%)	(57.49)	20.48	44.48	58.00	58.44
BALANCESHEET					
Non-current assets	499.8	580.3	620.8	658.6	699.1
Intangible assets	43.9	39.6	53.9	122.8	193.5
Tangible assets	383.4	480.4	506.1	474.9	444.8
Investments	72.5	60.3	60.8	60.8	60.8
Current assets	196.7	124.7	133.3	165.7	213.6
Stocks	0.6	0.3	-	-	-
Debtors	50.4	68.2	69.6	69.6	69.6
Cash	39.1	51.6	41.2	73.7	121.6
Other/restricted cash	106.6	4.6	22.4	22.4	22.4
Current liabilities	(86.3)	(69.3)	(97.8)	(97.8)	(97.8)
Creditors	(86.3)	(69.3)	(89.6)	(89.6)	(89.6)
Short-term borrowings	-	-	(8.2)	(8.2)	(8.2)
Long-term liabilities	(371.0)	(430.3)	(413.5)	(398.5)	(398.5)
Long-term borrowings	(294.6)	(339.7)	(333.4)	(318.4)	(318.4)
Other long-term liabilities (inc. decomm.)	(76.4)	(90.6)	(80.1)	(80.1)	(80.1)
Net assets	239.1	205.4	242.7	328.0	416.5
CASH FLOW					
Operating cash flow	65.3	94.0	108.4	219.4	221.4
Capex inc acquisitions**	(106.0)	(75.5)	(84.3)	(114.0)	(116.9)
Financing expenses	(21.2)	(36.0)	(29.5)	(30.0)	(28.6)
Equity issued	(1.9)	(3.7)	2.1	-	-
Dividends	-	-	(7.1)	(28.0)	(28.0)
Net cash flow	(63.8)	(21.2)	(10.4)	47.4	47.9
Opening net debt/(cash)	184.4	255.5	288.1	300.3	252.9
HP finance leases initiated	-	-	-	-	-
Other	(7.4)	(11.4)	(1.9)	-	-
Closing net debt/(cash)	255.5	288.1	300.3	252.9	205.0

Source: Edison Investment Research, Canacol Energy accounts. Note: *Edison revenue forecast net of royalties and transport expenses; Canacol reports revenues net of royalties before transport expenses. **215mmscfd and 315mmscfd plateau scenarios include materially higher capex.

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