Canacol Energy Ltd. Provides 2020 Guidance

CALGARY, ALBERTA - (December 17, 2019) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide its capital and gas sales guidance for 2020.

The Corporation announces that its 2020 capital budget is US$ 114 million which will be fully funded from existing cash and 2020 cash flow. Forecast realized contractual gas sales for 2020, which include downtime, are anticipated to average approximately 205 million standard cubic feet per day ("MMscfpd"), representing a 37% increase over 2019 anticipated average gas sales of approximately 150 MMscfpd. The average wellhead sales price, net of transportation costs where applicable, is expected to be approximately US$ 4.80/Mcf.

The Corporation's forecast production, EBITDA and cash flow for 2020 will be substantially higher than previous years, with EBITDA forecast to be approximately US$ 265 million. The budget also allows for a minimum of US$ 7 million in quarterly dividends, as recently announced, as well as approximately US$ 15 million in debt reduction in 2020. Despite the increases in dividends and debt reduction, the Corporation expects a material cash build in 2020 which will allow for further flexibility in the recently renewed share buyback, dividend size and an expanded exploration program. Also notable is a dramatic decrease in the Corporation's Net Debt to EBITDA ratio, which stood at 2.3x at September 30, 2019 and is anticipated to be approximately 1.1x on December 31, 2020.

Charle Gamba, President and CEO of Canacol, stated "For 2020 the Corporation is focused on the following objectives: 1) the drilling of 12 exploration, appraisal, and development wells in a continuous program representing the largest exploration drilling program ever executed by Canacol, 2) the execution of a definitive agreement to construct a new gas pipeline from Jobo to Medellin which will increase the Corporations gas sales by an additional 100 MMscfpd in 2023 to a total sales level greater than 300 MMscfpd, 3) continuing our program of quarterly dividend payments and scheduled debt repayment, and 4) continue with our commitment of strengthening our Environmental, Social and Governance strategy and reporting to ensure successful results for our stakeholders."

2020 Gas Sales

Forecast gas sales, which include downtime, are anticipated to average 205 MMscfpd for 2020 at an average wellhead price of $4.80/Mcf. Wellhead netback, after opex and royalties, is anticipated to average approximately $3.80/Mcf. Approximately 80% of gas sales will be take-or-pay, with the remaining 20% being interruptible spot sales. The Corporation foresees robust pricing on the interruptible spot market for 2020 based on 1) the continuing decline of approximately 20% per year from the mature gas fields located in the Guajira, which will result in an approximately 40 MMscfpd deficit in the coastal market compared to 2019, 2) the continuing rise in gas demand in Colombia, which averaged approximately 5% in 2019, and 3) the lack of competitor activity in Colombia, which saw no commercially successful gas wells being drilled in 2019 with the exception of those drilled by Canacol.

2020 Capital Details

2020 Capital Expenditure Program	
Maintenance and development drilling	US$ 19 million
Exploration activities (wells and seismic)	US$ 72 million
Facilities and infrastructure	US$ 11 million
Administrative, social, environmental and other	US$ 12 million
Total capital expenditures	**US$ 114 million**

The bulk of the 2020 capital program targets the Corporation's large exploration portfolio with the drilling of a total of 12 wells, five more wells than were drilled in 2019. Of the 12 wells planned, nine are exploration wells, one is an appraisal well, and two are infill development wells, marking the largest exploration drilling program ever executed by the Corporation. Total anticipated cost of the drilling program is approximately US$ 70 million.

Block	Well ID	Well Classification
Esperanza	Nelson-14	Development
	Milano-1	Exploration
	Faisan-1	Exploration
	Laguneta-1	Exploration
VIM 21	Fresa-1	Exploration
	Cornamusa-1	Exploration
VIM 5	Oboe-2	Development
	Flauta-1	Exploration
	Porro Norte-1	Exploration
	Ocarina-2	Appraisal
	Saxofon-1	Exploration
	Piccolo Este-1	Exploration

The first well in the program will be the Nelson-14 development well, which is anticipated to spud on January 7, 2020. The Corporation plans to use its existing rig contract for the Pioneer 53 rig to drill eight wells in succession during the course of 2020, and will contract a second rig in April 2020 to drill four wells in a continuous program, leaving time available to drill additional wells before year-end as required.

The 2020 drilling program emphasizes exploration as the Corporation continues to build out its reserve base while ensuring sufficient production redundancy to meet our forecast gas sales. With the exception of the Ocarina-2 appraisal well (offset to the 2019 discovery Ocarina-1 well), the remaining nine exploration wells will target prospects defined on seismic and supported by AVO analysis. The application of AVO methodology is the technical means by which the Corporation mitigates risks associated with the presence of gas-charged sandstones in its exploration prospects, and in large part accounts for the Corporation's remarkable 83% success rate with its exploration program over the past six years.

Canacol takes its responsibility to the environment, communities, and governance seriously. During 2020, we will continue to strengthen our ESG strategy and reporting, ensuring successful results for our stakeholders. We execute our activities to the highest technical standards to ensure minimum impact on the environment, and maximum investment in the local communities. During 2020 we will continue to build the greenhouse effect gas (GHG) inventory of our activities and deepen our commitment to the reduction of our carbon footprint, contributing to compliance with global objectives and commitments made by the Colombian government to counteract climate change. We are conscious of the importance of clean and abundant water for the future of the planet and our children, and we will continue to adopt and promote initiatives to ensure the protection and preservation of water sources in our areas of operation.

Canacol is an 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.

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.

This press release contains non-GAAP measures such as EBITDAX, funds from operations, working capital, operating netback per barrel and realized contractual gas sales that do not have any standardized meaning under IFRS and may not be comparable to similar measures presented by other companies. Management uses these non-GAAP measures for its own performance measurement and to provide shareholders and investors with additional measurements of the Corporation's performance and financial results.

Realized contractual gas sales is defined as gas produced and sold plus gas revenues received from nominated take or pay contracts.

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.

Contact Investor Relations:
IR@canacolenergy.com
Ph: +57 (1) 621 1747
Ph: +(1) 403-561-1648

Website: canacolenergy.com