Canacol Energy Ltd. Negotiates New Gas Sales Contracts, Initiates Private Gas Pipeline, and Forecasts 130 MMSCFPD of Gas Production Exiting 2017 and 230 MMSCFPD of Gas Production Exiting 2018

CALGARY, ALBERTA - (November 23, 2016) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update concerning the execution of 100 million standard cubic feet ("MMscfpd") of new gas sales contracts to existing and new customers located on the Caribbean coast of Colombia, and the initiation of a private pipeline venture that will deliver 40 MMscfpd of new gas production to new and existing customers located on the Caribbean coast in 2017.

New Gas Sales Contracts

Further to its November 10, 2016 announcement of a new transportation agreement with Promigas S.A. to ship 100 MMscfpd of new gas production, the Corporation has negotiated 4 new take or pay gas sales contracts totalling 100 MMscfpd with existing and new thermoelectric, refining, industrial, and commercial customers located in Cartagena and Baranquilla. The contracts all commence in December 2018, have a term of between 5 and 10 years, and are with large, established offtakers. The pricing of these new contracts, combined with the Corporation's current multi-year take or pay gas contracts, and the private pipeline sales as described below, results in an average contract price of approximately US$ 5.00/mcf for the anticipated 230 MMscfpd of production in December 2018.

Private Pipeline

A Special Purpose Vehicle ("SPV") has been formed to build a new private gas pipeline connecting the Corporation's gas facility located at Jobo to the Promigas operated pipeline at Sincelejo. The private pipeline will consist of approximately 80 kilometers of flowlines and two compression stations, and is designed to transport 40 MMscfpd of Canacol's gas to new and existing customers located in Cartagena under take or pay contracts at existing prices. Surveying and permitting for the new pipeline is underway, with first gas transportation anticipated in December 2017. The SPV is anticipated to raise approximately US$ 50 million in a combination of equity and debt, outside of Canacol, to construct and operate the pipeline.

Corporate Gas Production Forecast 2017 and 2018

Based upon the above mentioned new private gas pipeline, the new gas sales contracts, and the recently announced agreement whereby Promigas will add 100 MMscfpd of new transportation capacity to the existing pipeline to Cartagena and Baranquilla by December 2018, the Corporation is planning to increase current gas sales from 90 MMscpf to 130 MMscfpd in December 2017, and to 230 MMscfpd in December 2018.

The Corporation expects to have approximately 190 MMscfpd of productive capacity from the 11 existing wells drilled in its Nelson, Palmer, Nispero, Trombon, Clarinete and Oboe gas fields combined with two remaining 2016 development wells (Clarinete 3 and Nelson 8) being drilled prior to year end 2016. In addition, the Corporation's facility located at Jobo has 190 MMscfpd of gas processing capacity.

Canacol is an exploration and production company with operations focused in Colombia and Ecuador. 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.*

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.

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