Canacol Energy Ltd. Tests Breva 1 Gas Discovery at 91 MMSCFD AOF and Provides Operations and Corporate Update

CALGARY, ALBERTA - (June 25, 2018) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following exploration, gas and oil sales, and Corporate update.

Breva 1 Gas Exploration Well
VIM 21 Exploration and Production Contract
CNE Oil and Gas S.A.S, 100% Operated Working Interest

Breva 1 was spud on April 29, 2018 using the Pioneer 302 drilling rig, and reached a total depth of 7,560 feet measured depth in 13 days. The well encountered 29 ft TVD of net gas pay with average porosity of 27% within the primary Middle Porquero sandstone reservoir target.

The Middle Porquero sandstone reservoir was perforated between 6365 -6422 ft MD and flowed at a final stable rate of 25 MMscfpd at a 64/64 inch choke and a flowing tubing head pressure of 910 pounds per square inch over a test period of 40 hours. Based upon this result, management has calculated an absolute open flow rate of 91 MMscfpd for the Middle Porquero sandstone reservoir in the Breva 1 well. The AOF potential is the rate at which the well would produce against an atmospheric sand face back pressure and is used as a measure of gas well performance because it quantifies the ability of a reservoir to deliver gas to the wellbore and to the surface.

After Nelson 6 and Toronja 1, Breva 1 represents the third consecutive discovery in the emerging and important new Porquero play type in the Corporation's exploration portfolio. Going forward, the successful outcome of the three exploration wells in the Porquero sets up at least five exploration and appraisal locations on the VIM21 concession.

2018 Drilling Program Update

The Borojo 1 exploration well, located on the 100% operated Esperanza E&E contract, was spud on June 1, 2018, and reached a total depth of 8,012 ft md on June 11, 2018. The Borojo 1 well encountered 892 ft TVD of porous sandstone within the primary CDO reservoir, but failed to find any commercial volumes of gas, and was plugged and abandoned.

The Pioneer 302 drilling rig is currently being mobilized to drill the Cañahuate 3 and Cañahuate 2 appraisal wells back to back from the same surface location. Both are located in separate fault compartments on either side of the Cañahuate 1 exploration discovery on the Esperanza E&P contract announced by the Corporation on May 3, 2017. The Cañahuate 3 appraisal well is anticipated to spud the first week of July, 2018, and will take approximately 4 weeks to drill, after which the Corporation will drill the adjacent Cañahuate 2 appraisal well from the same drilling pad. As with Breva 1, both Cañahuate 3 and Cañahuate 2 will be perforated and tested with a workover rig approximately 1 week after the drilling rig moves off location.

The Corporation will provide regular updates on drilling results as they become available.

Gas Sales and Oil Production Update

Realized contractual gas sales for the second quarter of 2018 to date has averaged approximately 112 mmscfpd, up from a reported 106 mmscfpd in the first quarter of 2018. Net oil production before royalties for the same period averaged approximately 1,800 barrels of oil per day. Realized contractual gas sales for the month of June, to date, has averaged approximately 118 mmscfpd.

Sale of Corporation´s Interest in PPG

The Corporation sold its 15% interest in Pacific Power and Gas, acquired in 2016, to one of its consortium partners for total cash proceeds of US$ 12.4 million on June 15, 2018.

Arrow Exploration Transaction

Further to its previously announced intention to dispose of its Colombian oil portfolio, the Corporation has entered into a share purchase agreement with Arrow Exploration Ltd. ("Arrow") dated as of May 31, 2018 (the "SPA"). Pursuant to the SPA, subject to certain conditions precedent, Arrow will acquire from the Corporation the majority of its Colombian oil assets (with the exception of its interests in the Rancho Hermoso block and its unconventional oil portfolio) for total consideration of US$ 40 million, comprised of US$ 20 million in cash and US$ 20 million in common shares of Arrow ("Arrow Shares").

Concurrently with the execution of the SPA, Arrow entered into an arrangement agreement with Front Range Resources Ltd. ("FRK") (TSXV:FRK) pursuant to which FRK and Arrow will complete a business combination (the "Arrangement") pursuant to a plan of arrangement under the Business Corporations Act (Alberta). Pursuant to the Arrangement, among other things, each common share of Arrow will be exchanged for 8.5 common shares of FRK and Arrow will amalgamate with FRK Subco Inc., a wholly-owned subsidiary of FRK, to form an amalgamated corporation, which will be a wholly-owned subsidiary of FRK. The Arrangement will constitute a reverse takeover of FRK and FRK will carry on the business currently carried on by Arrow under the name "Arrow Exploration Ltd.". Subsequent to the Arrangement it is expected that FRK shares will be consolidated on the basis of 1 post-consolidation FRK share for every 8.5 pre-consolidation FRK shares.

In connection with the foregoing transactions Arrow has also entered into an agreement with Macquarie Capital Markets Canada Ltd. ("Macquarie"), to effect a brokered private placement offering of subscription receipts ("Subscription Receipts") on a best efforts agency basis (the "Concurrent Financing"). Each holder of Subscription Receipts will receive 1 Arrow Share and one half Arrow common share purchase warrant for each Subscription Receipt held in connection with the Arrangement. The Arrow Shares to be received by the Corporation will be priced in accordance with the valuation of such shares under the Subscription Receipts offering. The Corporation will receive the Arrow Shares (and the shares of FRK into which the same are to be exchanged) in trust to be held for the benefit of the Corporation´s shareholders pending an expected subsequent distribution of the shares in Q3 of this year.

Each of the foregoing transactions is subject to certain conditions precedent which, among other things, require each of them to be completed for the others to become effective. It is expected that each of these transactions will close concurrently before the end of July of 2018.

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.*

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

For further information please contact:
Investor Relations
214-235-4798
Email: IR@canacolenergy.com
Website: canacolenergy.com