
Canacol Energy Ltd. Makes 10th Consecutive Gas Discovery at Canadonga-1 and Tests 29 MMSCFPD from Pandereta-1 in Colombia

CALGARY, ALBERTA - (December 4, 2017) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that the Canadonga-1 exploration well has encountered 32 feet true vertical depth ("ft tvd) of net gas pay within the Cienaga de Oro ("CDO") primary reservoir target on its 100% working interest Esperanza block. Canadonga-1 is the Corporation's tenth consecutive natural gas exploration discovery on its 1.1 million net acre exploration position located in the Lower Magdalena Basin of Colombia. The Corporation is also pleased to announce that the Pandereta-1 discovery well tested 29 million standard cubic feet per day ("MMscfpd") of gas from the CDO sandstone reservoir. The gas bearing fractured basement encountered within the Pandereta-1 well tested very small amounts of gas. The Corporation has also spud the Pandereta-2 well and expects flow testing resulting in approximately five weeks.

Canadonga-1 Gas Discovery Esperanza Exploration and Exploitation Contract CNE Oil and Gas S.A.S, 100% Operated Working Interest

The Canadonga-1 exploration well is located 6 kilometers ("kms") northeast of the Nelson gas field on the Esperanza contract. Using the Tuscany 109 drilling rig, Canadonga-1 was spud on November 4, 2017, and reached a total depth of 9,300 feet measured depth ("ft md") within the primary CDO sandstone reservoir on November 15, 2017. Due to drilling related problems the Canadonga-1 well penetrated only the upper 713 feet of the CDO sandstone reservoir section before drilling operations were suspended, having penetrated approximately 1/3 of the anticipated section of CDO sandstone reservoir. The well encountered 32 ft tvd of gas pay with an average porosity of 18 %. The Corporation is currently mobilizing the drilling rig to the Gaitero-1 exploration well location located on its 100% working interest VIM 5 block. The Corporation plans to mobilize a workover rig to complete and test the Canadonga-1 discovery well in early 2018.

Pandereta-1 Gas Discovery VIM 5 Exploration and Exploitation ("E&E") Contract CNE Oil and Gas S.A.S, 100% Operated Working Interest

The Pandereta-1 exploration well is located approximately 10 kms to the northeast of the Clarinete and Oboe gas fields on the VIM 5 contract. Using the Pioneer 302 drilling rig, Pandereta-1 was spud on October 25, 2017 and reached a total depth of 9,347 ft md in 15 days. The well encountered 64 ft tvd of net gas pay with average porosity of 20.5% within the primary CDO sandstone reservoir target. In the secondary and shallower Lower Tubara reservoir target, 34 ft tvd of net gas pay with average porosity of 15% was encountered in the well.

The CDO sandstone reservoir was perforated between 7,742–7,778 and 7,810–7,830 ft md within the CDO reservoir and flowed at a final stable rate of 29 MMscfpd and no water with a 44/64 inch choke and a flowing tubing head pressure of 2,136 pounds per square inch over a test period of 32.5 hours. The fractured basement was perforated over a small interval and flowed very low volumes of gas. The subsurface technical team is analyzing these latter results to determine the viability of this new fractured basement gas play.

The Corporation spud the Pandereta-2 well on December 2, 2017. This well is targeting gas bearing reservoirs of the CDO sandstone approximately 1 km to the west of the Pandereta-1 bottom hole location. The well is anticipated to take 5 weeks to drill and flow test.

The Corporation shall provide results concerning the above mentioned wells as they become available.

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

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