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## Canacol Energy Ltd. Reports a 15% Increase in Realized Gas Sales and 42% Increase in Funds from Operations per Share for Q1 2019

**CALGARY, ALBERTA – (May 8, 2019)** – Canacol Energy Ltd. (“Canacol” or the “Corporation”) (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to report its financial and operating results for the three months ended March 31, 2019. Dollar amounts are expressed in United States dollars, except as otherwise noted.

Charle Gamba, President and CEO of the Corporation, commented: “The first quarter marked a strong start to 2019, with a 42% increase in funds from operations per share to \$0.17 per share, compared to the first quarter of 2018, driven by a 15% increase in realized contractual gas sales. This was achieved via the delivery of the first 20 MMscfpd of the 100 MMscfpd of new transportation capacity to Cartagena via the Promigas expansion in December 2018. We also hit on the first two of our eight well drilling program for 2019, with Palmer-2 encountering 81 feet of net gas pay and recently testing 29 MMscfpd and Nelson-7 encountering 221 feet of net gas pay. Most importantly, our ongoing focus on lowering operating expenses is being reflected this quarter with a 29% reduction compared to fourth quarter 2018. Looking forward to the remainder of 2019, we are about to spud Acordeon-1, our first exploration well of the year. Acordeon-1 is located approximately three kilometers to the southeast of the Clarinete field, and has the potential for a significant increase in reserves. The Promigas expansion between Jobo and Cartagena is on target to deliver an additional 80 MMscfpd of new transportation capacity in June 2019, which will lift gas sales to approximately 215 MMscfpd for the remainder of 2019. Finally, progress is being made towards signing sales and shipping agreements for a new pipeline that will transport 100 MMscfpd of new gas sales to Medellin in 2022. We anticipate being in a position to execute the relevant agreements needed to start the project in the third quarter of this year.

### Highlights for the three months ended March 31, 2019

*(Production is stated as working-interest before royalties)*

Financial and operational highlights of the Corporation include:

- Realized contractual natural gas sales increased 15% to 122 MMscfpd for the three months ended March 31, 2019, compared to 106.3 MMscfpd for the same period in 2018. Average natural gas production volumes increased 17% to 123.3 MMscfpd for the three months ended March 31, 2019, compared to 105.3 MMscfpd for the same period in 2018. The increases are primarily due to the increase in natural gas sales as a result of the additional sales relating to the completion of the Sabanas pipeline;
- Total natural gas and crude oil revenues, net of royalties and transportation expenses for the three months ended March 31, 2019 increased 4% to \$49.4 million, compared to \$47.6 million for same period in 2018. The increase is mainly attributable to the increase of natural gas production, offset by the decrease of crude oil production due to the sale of the Corporation’s oil assets;
- Funds from operations increased 39% to \$29.9 million for the three months ended March 31, 2019, compared to \$21.6 million for the same period in 2018;
- Funds from operations per share increased 42% to \$0.17 per share for the three months ended March 31, 2019, compared to \$0.12 per share for the same period in 2018;
- The Corporation realized an EBITDAX of \$39.8 million for the three months ended March 31, 2019, compared to \$33.6 million for the same period in 2018;
- The Corporation recorded a net income of \$6.3 million for the three months ended March 31, 2019, compared to a net income of \$8.3 million for the same period in 2018;

- The Corporation's natural gas operating netback increased 9% to \$4.03 per Mcf in the three months ended March 31, 2019, compared to \$3.71 per Mcf for the same period in 2018. The increase is mainly attributable to: i) a 5% increase in realized natural gas sales prices, net of transportation expense to \$4.97 per Mcf, compared to \$4.73 per Mcf for the same period in 2018 and ii) a 25% reduction of operating expenses to \$0.30 per Mcf for the three months ended March 31, 2019, compared to \$0.40 per Mcf for the same period in 2018;
- Net capital expenditures for the three months ended March 31, 2019 was \$34.7 million. Net capital expenditures included non-cash additions relating to decommissioning obligations of \$1.2 million and a non-cash addition of \$5.9 million relating to right-of-use leased assets recognized during the three months ended March 31, 2019;
- Since the Corporation obtained necessary approval to conduct a normal course issuer bid ("NCIB") to purchase outstanding common shares of the Corporation ("Common Shares") on the open market, in accordance with the rules of the Toronto Stock Exchange in November 2018, the Corporation has purchased 785,890 Common Shares for \$2.4 million; and
- At March 31, 2019, the Corporation had \$39 million in cash and \$4.3 million in restricted cash.

#### **Palmer-2 Tests 28.7 MMscfpd**

The Palmer-2 well drilled in the first quarter of 2019 was recently tested at a final rate of 28.7 MMscfpd at a flowing tubing head pressure of 846 psi with no water from the Cienega de Oro sandstone reservoir. The step rate drill stem test was conducted over 38 hours during four flow periods.

Financial	Three months ended March 31,		
	2019	2018	Change
Total natural gas and crude oil revenues, net of royalties and transportation expense	49,404	47,629	4%
Funds from operations <sup>(1)</sup>	29,907	21,581	39%
Per share – basic (\$) <sup>(1)</sup>	0.17	0.12	42%
Per share – diluted (\$) <sup>(1)</sup>	0.17	0.12	42%
Net income and comprehensive income	6,274	8,278	(24%)
Per share – basic (\$)	0.03	0.05	(40%)
Per share – diluted (\$)	0.03	0.05	(40%)
EBITDAX <sup>(1)</sup>	39,822	33,611	18%
Weighted average shares outstanding – basic	177,547	176,572	1%
Weighted average shares outstanding – diluted	179,637	178,759	—
Capital expenditures, net, including acquisitions	34,725	40,194	(14%)
	<b>Mar 31,</b>	<b>Dec 31,</b>	<b>Change</b>
	<b>2019</b>	<b>2018</b>	
Cash and cash equivalents	38,998	51,632	(24%)
Restricted cash	4,308	4,196	3%
Working capital surplus	51,173	60,782	(16%)
Total debt	394,318	388,222	2%
Total assets	720,095	705,003	2%
Common shares, end of period (000's)	177,403	177,462	—
Operating	Three months ended March 31,		
	2019	2018	Change
Natural gas and crude oil production, before royalties <sup>(1)</sup>			
Natural gas (Mcfpd)	123,291	105,262	17%
Colombia oil (bopd) <sup>(2)</sup>	433	1,924	(77%)
Total (boepd) <sup>(3)</sup>	22,063	20,391	8%
Realized contractual sales, before royalties <sup>(1)</sup>			
Natural gas (Mcfpd)	122,025	106,334	15%
Colombia oil (bopd) <sup>(2)</sup>	440	1,896	(77%)
Total (boepd) <sup>(3)</sup>	21,848	20,551	6%
Operating netbacks <sup>(1)</sup>			
Natural gas (\$/Mcf)	4.03	3.71	9%
Colombia oil (bopd) <sup>(2)</sup>	23.64	33.21	(29%)
Corporate (\$/boe) <sup>(3)</sup>	23.00	22.25	3%

(1) Non-IFRS measures – see “Non-IFRS Measures” section within MD&A.

(2) Decreased in the three months ended March 31, 2019, due to the sale of the Corporation’s petroleum assets in 2018.

(3) The Corporation has excluded results relating to the Ecuador IPC in the prior period for comparative purposes.

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This press release should be read in conjunction with the Corporation's unaudited interim condensed consolidated financial statements and related Management's Discussion and Analysis. The Corporation's has filed its unaudited interim condensed consolidated financial statements and related Management's Discussion and Analysis as of and for the three months ended March 31, 2019 with Canadian securities regulatory authorities. These filings are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

Canacol is an exploration and production company with operations focused in Colombia. The Corporation's shares are traded on the Toronto Stock Exchange under the symbol CNE, the OTCQX in the United States of America under the symbol CNNEF, the Bolsa de Valores de Colombia under the symbol CNEC and the Bolsa Mexicana de Valores under the symbol CNEN.

*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", "target", "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. Information and guidance provided herein supersedes and replaces any forward looking information provided in prior disclosures. 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. Other risks are more fully described in the Corporation's most recent Management Discussion and Analysis ("MD&A") and Annual Information Form, which are incorporated herein by reference and are filed on SEDAR at [www.sedar.com](http://www.sedar.com). Average production figures for a given period are derived using arithmetic averaging of fluctuating historical production data for the entire period indicated and, accordingly, do not represent a constant rate of production for such period and are not an indicator of future production performance. Detailed information in respect of monthly production in the fields operated by the Corporation in Colombia is provided by the Corporation to the Ministry of Mines and Energy of Colombia and is published by the Ministry on its website; a direct link to this information is provided on the Corporation's website. References to "net" production refer to the Corporation's working-interest production before royalties.*

*Use of Non-IFRS Financial Measures –Such supplemental measures should not be considered as an alternative to, or more meaningful than, the measures as determined in accordance with IFRS as an indicator of the Corporation's performance, and such measures may not be comparable to that reported by other companies. This press release also provides information on funds from operations. Funds from operations is a measure not defined in IFRS. It represents cash provided by operating activities before changes in non-cash working capital and decommissioning obligation expenditures. The Corporation considers funds from operations a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Funds from operations should not be considered as an alternative to, or more meaningful than, cash provided by operating activities as determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's determination of funds from operations may not be comparable to that reported by other companies. For more details on how the Corporation reconciles its cash provided by operating activities to funds from operations, please refer to the "Non-IFRS Measures" section of the Corporation's MD&A. Additionally, this press release references working capital, EBITDAX and operating netback measures. Working capital is calculated as current assets less current liabilities, excluding non-cash items and current portion of long-term obligations, and is used to evaluate the Corporation's financial leverage. EBITDAX is defined as consolidated net income adjusted for interest, income taxes, depreciation, depletion, amortization, exploration expenses and other similar non-recurring or non-cash charges. Operating netback is a benchmark common in the oil and gas industry and is calculated as total natural gas and petroleum sales, net transportation expenses, less royalties and operating expenses, calculated on a per barrel of oil equivalent basis of sales volumes using a conversion. Operating netback is an important measure in evaluating operational performance as it demonstrates field level profitability relative to current commodity prices. Working capital, EBITDAX and operating netback as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities.*

*Operating netback is defined as revenues, net transportation expenses less royalties and operating expenses.*

*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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 5.7:1, utilizing a conversion on a 5.7:1 basis may be misleading as an indication of value.*

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