

CALGARY, ALBERTA--(Marketwired - May 3, 2017) - [Canacol Energy Ltd.](#) ("Canacol" or the "Corporation") (TSX:CNE)(OTCQX:CNNEF)(BVC:CNEC) is pleased to provide the following update for the Canahuate 1 exploration well, the Corporation's seventh consecutive gas discovery in the Lower Magdalena Basin, and an update of its remaining gas exploration wells for 2017.

Canahuate 1 Gas Discovery

Esperanza Exploration and Exploitation ("E&E") Contract

Geoproduction Oil and Gas Company of Colombia, 100% Operated Working Interest

The Canahuate 1 exploration well was spud on March 24, 2017 and reached a total depth of 8,263 feet measured depth ("ft md") in 13 days. The well encountered 124 ft md (86 feet true vertical depth) of net gas pay with average porosity of 18% within the primary Cienaga de Oro ("CDO") reservoir target.

Two different zones were completed and flow tested within the CDO. The first zone tested within the CDO was perforated between 5,067 to 5,872 ft md and flowed at a final stabilized rate of 23 million standard cubic feet per day ("MMscf/d") of dry gas at a flowing tubing head pressure of 997 psi and 60/64 inch choke with no water over a 23 hour test period. The second zone tested was perforated between 4,965 to 4,990 ft md and flowed at a final stabilized rate of 5.4 MMscf/d of dry gas at a flowing tubing head pressure of 1,524 psi and 30/64 inch choke with 8 barrels of water over a 20 hour test period. Based upon the salinity of the produced water management has concluded that it is brine related to the drilling and completion of the well. Work is underway to tie the Canahuate 1 well into the Corporation's gas processing facility at Jobo approximately 3 kilometers ("kms") to the south.

Toronja 1 Gas Exploration Well

VIM 21 Exploration and Production ("E&P") Contract

Geoproduction Oil and Gas Company of Colombia, 100% Operated Working Interest

The Tuscany 12 drilling rig used to drill and complete Canahuate 1 is being mobilized to drill the Toronja 1 exploration well located on the VIM21 E&P contract approximately 6 kms to the southeast of Jobo. The objective of the Toronja 1 exploration well are the shallow Porquero reservoir sandstones which were recently proven as a new commercial play type by the Corporation with the nearby Nelson 6 gas discovery late in 2016. The Toronja prospect displays a well-developed seismic anomaly indicative of the presence of gas within the Porquero sandstone reservoirs. The Corporation anticipates spudding the Toronja 1 well in early June, 2017, and it is expected that the well will be drilled and tested four weeks after spud.

Pandereta 1 Gas Exploration Well

VIM 5 Exploration and Production Contract

CNE Oil and Gas S.A.S., 100% Operated Working Interest

Upon completion and testing of the Toronja 1 exploration well the Tuscany 12 rig will be mobilized to drill the Pandereta 1 exploration well located approximately 10 kms to the east of the Clarinete and Oboe fields on the VIM 5 contract. The objective of the Pandereta 1 exploration well are proven sandstones of the CDO reservoir. The Pandereta prospect displays a well-developed seismic anomaly indicative of the presence of gas within the CDO reservoir sandstones. The well will be spud in late October 2017 and is expected to be drilled and tested five weeks after spud.

The Corporation shall provide updates on the exploration drilling program as information becomes 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.

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.

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