

Canacol Energy Ltd. Completes Testing of the Picoplata 1 Oil Well In Colombia

CALGARY, ALBERTA - (August 14, 2017) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update for the Picoplata 1 well in Colombia.

Picoplata 1 Exploration Well

VMM3 Exploration and Exploitation ("E&P") Additional Contract, Middle Magdalena Valley Basin

ConocoPhillips Colombia Ventures Ltd. 80% (ConocoPhillips Colombia or Operator), Canacol Energy Ltd. 20%

The Picoplata 1 well was spud on October 16, 2014 and reached a total depth of 16,406 feet measured depth on January 29th, 2015. The well was designed to test the petroleum potential of shales and limestones within the Cretaceous La Luna Formation, and the well encountered over 1200 feet ("ft") of potential oil bearing reservoirs. In December of 2016 ConocoPhillips Colombia, the operator of the contract, commenced completion and testing operations on the Picoplata 1 well. Five discrete formation injection tests and 3 hydraulic stimulations spanning the entire interval were performed in 3 shale reservoir intervals within the La Luna. The objective of the testing program was to collect information on the productive capability of the reservoir, the quality of the fluids contained within the reservoir, the formation pressure of the reservoir, and the ability of the reservoir to be hydraulically stimulated.

The operation, completed in July of 2017, was successful with all intervals that were hydraulically stimulated and tested producing light gravity crude oil with no indication of formation water. Individual slickwater hydraulic stimulation size in vertical well sections between 27 and 30 feet thick varied between 80,000 and 346,000 pounds, with resulting natural flows averaging between 19 to 120 barrels of oil per day with no formation water, over flow periods of 3 to 28 days.

The testing program achieved the objective of collecting the post stimulation production, pressure, and fluid data, as well as confirming the viability of hydraulically stimulating the reservoirs, and the Picoplata 1 well is currently being abandoned. Canacol and its partner ConocoPhillips Colombia are evaluating the technical data collected from this well to plan the next steps towards further evaluation of the La Luna on the block.

Canacol has 493,386 net acres across 5 blocks (3 operated and 2 non-operated) in this prospective La Luna shale oil fairway located in the Middle and Upper Magdalena Valley Basins of Colombia.

The Corporation shall provide further updates as new 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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