# Canacol Energy Ltd. Provides 2019 Gas Sales and Capital Guidance

CALGARY, ALBERTA - (December 17, 2018) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide its capital and gas sales guidance for 2019.

The Corporation announces that its 2019 capital budget is US$ 119 million, which will be fully funded from existing cash and 2019 cash flow. Forecast realized contractual gas sales for 2019, which include downtime, are anticipated to average approximately 179 million standard cubic feet per day (“MMscfpd”), assuming June 1, 2019 for the completion of the Promigas S.A. (“Promigas”) pipeline expansion. Based on the Corporation’s current portfolio of 2019 gas contracts, the average sales price, net of transportation costs where applicable, is approximately US$ 4.75/Mcf. Oil sales are expected to average approximately 400 barrels of oil per day until such time as the Corporation disposes of its interest in the Rancho Hermoso oil field, its only remaining conventional oil asset.

Charle Gamba, President and CEO of Canacol, stated “For 2019, the Corporation is focused on the following objectives: 1) completion of the expansion of the Jobo gas processing facility during first quarter, which will lift gas treatment capacity from current levels of 200 MMscfpd to 330 MMscfpd in advance of the completion of the Promigas gas pipeline expansion scheduled by June 1, 2019, which will lift gas sales to approximately 215 MMscfpd from current levels in excess of 130 MMscfpd, 2) the drilling of 8 exploration, appraisal and development wells in a continuous program, and 3) execution of a definitive agreement to construct a new gas pipeline from Jobo to either Medellin or Barranquilla, increasing the Corporation’s gas sales by an additional 100 MMscfpd in 2021 to a total sales level greater than 300 MMscfpd.”

**2019 Forecast Gas Sales**

On December 1, 2018, Promigas S.A. provided approximately 20 MMscfpd of new transportation capacity between Jobo and Cartagena which lifted gas sales to current levels in excess of 130 MMscfpd from an average of 115 MMscfpd for third quarter 2018. The Corporation anticipates that by June 1, 2019, upon the completion of the Promigas pipeline expansion, the Corporation’s gas sales will be lifted by an additional 80 MMscfpd to approximately 215 MMscfpd, which includes anticipated downtime, for the remainder of 2019.

**2019 Capital**

Highlights of the Corporation’s capital spending program for 2019 include 1) the drilling of five exploration and appraisal wells and three development wells for a total of US$ 50 million, 2) facilities expansion and equipment for a total of US$ 30 million, 3) the acquisition of 155 square kilometers of 3D seismic on the VIM 5 contract for a total of US$ 16 million to firm up exploration drilling locations for 2020, and 4) pre-operative seismic, workover, trailing, social, and other costs for a total of approximately US$ 23 million.

The gas exploration wells planned for 2019 include the Acordeon-1 and Saxofon-1 exploration wells on Canacol’s operated 100% working interest VIM 5 contract, and the Arandala-1 exploration well on Canacol’s operated 100% working interest Esperanza contract. Appraisal wells Pandereta-5 and Clarinete-4 are planned for its VIM 5 contract, while appraisal well Palmer-2 and development wells Nelson-7 and Canahuate-2 are planned for its Esperanza contract. Flexibility has been built into the 2019 drilling program such that in the event of exploration success, funds may be reallocated for immediate follow-up appraisal drilling locations.

The Corporation spudded the infill development well Nelson-13 in early December 2018, which is anticipated to be cased and completed by year end 2018. Upon completion of the Nelson-13 well, the drilling rig will be mobilized to drill the first of the 2019 eight well drilling program, the Palmer-2 appraisal well, which is anticipated to spud in mid January, 2019, which will be followed by the Nelson-7 infill development well spudding mid February, 2019, and then the Acordeon-1 exploration well spudding in late March 2019. The Corporation will provide continuous updates of its 2019 drilling program as each well is completed.

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 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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