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## Canacol Energy Ltd. Sells Interest in Ecuador Oil Consortium for Cash Proceeds of US\$ 36.4 Million

CALGARY, ALBERTA - (December 19, 2017) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that it has entered into a binding agreement with TecpetrolLibertador B.V. and Sertecpet E&P S.L. (together, the "Purchasers") in respect of the sale of its 25% interest in Servicios Libertador S.L., the holding company of Pardaliservices S.A., which is the joint venture company that operates the 15-year incremental production contract awarded by the national oil company of Ecuador for the Libertador and Atacapi mature fields in Northern Ecuador since February of 2012. The Purchasers are each existing partners in the joint venture. In consideration for the sale of its non-operated 25% equity participation in the contract the Corporation will be paid a total of US\$ 36.4 million, consisting of an initial payment of US\$ 30.4 million anticipated to occur at the end of January 2018, and an additional payment of US\$ 6 million in July 2019. Additionally, as part of the transaction, the corporation will also receive an immediate reimbursement of US\$ 5.58 million in respect of a cash call it recently paid to the joint venture. The transaction is subject to certain conditions precedent including approvals by Petro Amazonas EP, the state oil company of Ecuador which are anticipated to be approved shortly.

Dr. Charle Gamba, President and CEO of the Corporation, commented "This sale marks another important step towards shifting our focus to our high growth / high margin clean natural gas business in Colombia. Funds from this transaction will be used to execute our gas focused exploration and development projects as we move toward our goal of exiting 2018 with 230 MMscfpd of gas sales, making us the largest supplier of gas to the Caribbean coast of Colombia. We are currently planning the divestment of all our conventional oil assets in Colombia and hope to conclude a transaction in the second quarter of 2018, thus completing our transformation into Colombia's leading independent clean natural gas exploration and production company."

Canacol is an exploration and production company with operations focused in Colombia 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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