





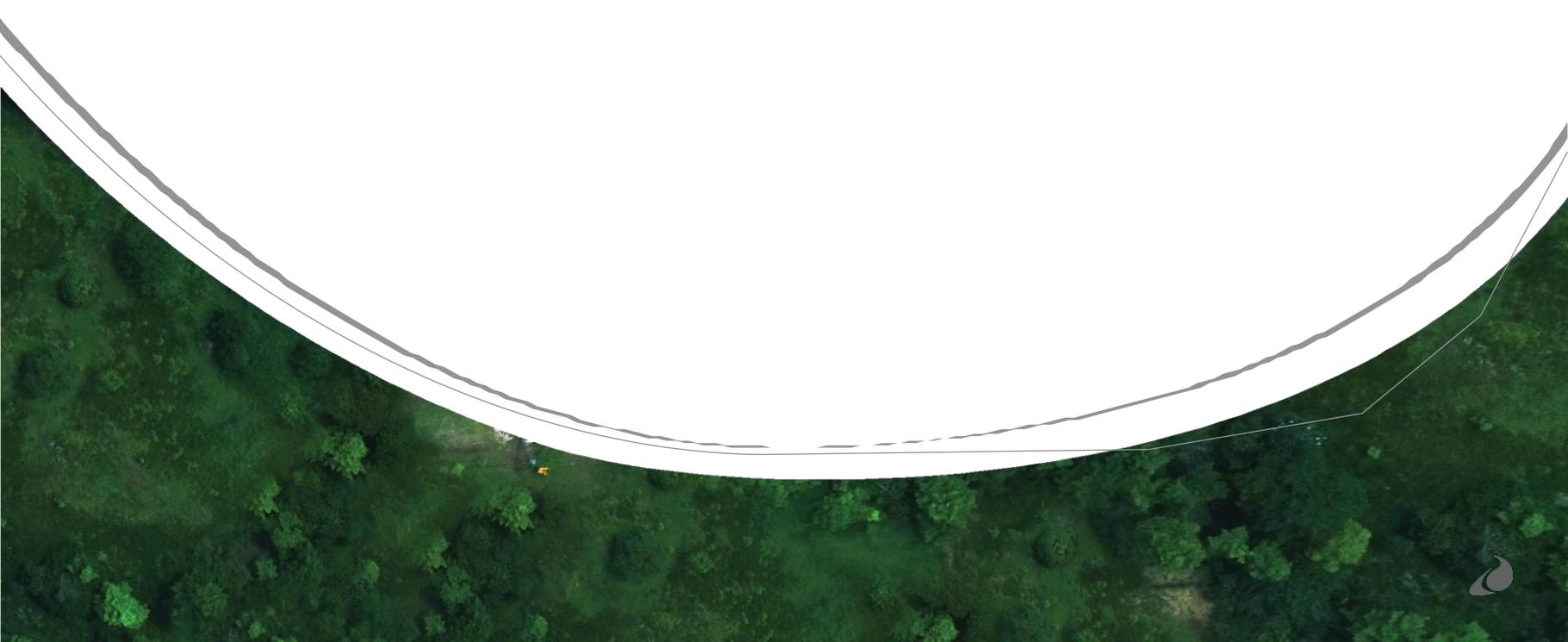
2017

SUSTAINABILITY REPORT





In 2017 CANACOL ENERGY continued consolidating in the natural gas market in Colombia; thanks to the effort of a highly competitive team committed to the business targets. The Company will continue working together with communities, authorities and strategic allies with the purpose of becoming a leading gas provider in Colombia and a benchmark in the application of good practices aimed to sustainable development.



LETTER OF THE PRESIDENT

Through this Sustainability Report, I am pleased to present the great accomplishments of CANACOL ENERGY during 2017 and to inform you that we continue to steadily grow; this thanks to permanent team work, as well as to the passion and commitment put into the work performed. For the preparation of this report, we adopted the GRI Standards and assumed new challenges in the measurement of our performance, as well as in meeting the accountability to our stakeholders.

The great human capital on which we count has allowed CANACOL ENERGY to be a change generator in the national gas sector, leading us to

achieve new goals and to go further in each period, because our vision of the future grows every day, as well as our people and the environment.

GRI 102-14

We have made progress with the targets directly associated with the business, complying with the acquired commitments and applying best practices with the environment, the society and the government. I am pleased to inform that with the social investment made in 2017, we achieved to positively impact on the life conditions of communities in the area of influence of operations. We also strengthened the trust of our

CHARLE GAMBA
PRESIDENT AND CEO



stakeholders through dialogue and agreement spaces that we promote in the territories where we operate.

In 2017 we decided to start to focus our efforts on strategic axes such as human development, sustainable growth, institutional strengthening and the environment, and that is why we created the Fundación Entretejiendo [Interweaving Foundation]. We understand that the social challenges of the region are the challenges of all and we must propose and implement innovative solutions. From now on, CANACOL ENERGY and the Fundación Entretejiendo will work together for the welfare of our stakeholders, particularly of communities in our areas of influence.

For its part, the environment continued to be a priority for the Company; we are always looking for opportunities to improve our performance with respect to protection of the water resource and biodiversity, and to contribute to global purposes aimed to address phenomena such as climate change, particularly in the reduction of emission of gases with greenhouse effect and particulate matter.

THE SUCCESS OF
CANACOL IS OUR GREAT
HUMAN TALENT

In addition, we promote local employment under Colombian regulation and the procurement of local goods and services adopting the best sectoral practices. We see local businessmen as strategic allies and we support them so that they may be highly competitive in the market.

From the operational point of view, I am pleased to inform that during 2017 we achieved to perform projects of great significance in our fields. Notwithstanding, we reduced the accident rate and no fatalities occurred. I would like to highlight the importance of having completed the Sabanas gas flow line, which started operation in December of 2017 and reached its maximum transportation capacity of 40 MMscfpd in February of 2018. Thanks to this important milestone, and the other activities carried out during the year, for which we count on strategic allies and the best human talent, for the first time in the history of the Company we reached a natural gas production rate of more than three digits. Likewise, as a product of our important results in exploration, we increased the proven and probable (2P) reserves in 21% with respect to 2016.

All our human talent has been an essential part to comply with the targets that we set for this period; their commitment, capacity, integrity and responsibility have brought CANACOL ENERGY to the place that it occupies today in the Colombian gas sector.



We are optimistic with respect to the projection of the Company in 2018; we will seek to divest all the oil assets of the Company and make important investments in the facilities to increase our gas production capacity and achieve 230 MMscfpd in December of 2018. We will also continue to increase our transportation capacity, with the support of strategic allies such as Promigas, with the purpose of providing this clean source of energy in the Caribbean Coast of Colombia.

We all were part of this Sustainability Report. This is why we invite you to know the work performed during 2017. Through this document, we expect to reflect the great energy that drives us to grow and be better every day.

CHARLE GAMBA

PRESIDENT, CEO & DIRECTOR
CANACOL ENERGY LTD.



CORPORATE PROFILE

GRI 102-1

CANACOL is a hydrocarbon exploration and production company of Canadian origin, with operations in Colombia and Mexico. The common shares of the Company are listed on the Toronto Stock Exchange, the OTCQX in the United States of America, and in the Colombian Stock Exchange under the symbol CNE, CNNEF and CNE.C, respectively. Its corporate office is located in Calgary (Canada), and its administrative office is located in Bogota (Colombia).

GRI 102-8

GRI 102-3

GRI 102-5

GRI 102-7

During 2017, CANACOL kept its participation active in 19 exploration and production contracts in Colombia; in 15 of them it continued as operator and in 4 as investing partner. The areas of such contracts are in total 2583.466 acres and are located in the basins of the Eastern Plains, Lower and Middle Magdalena Valleys, Mountain Range and Caguan-Putumayo.

The Company has important partners such as Ecopetrol S.A., ConocoPhillips Colombia Ventures Ltd., Shona Energy (Colombia) Limited S.A., Emerald Plc. Sucursal Colombia, Vetra Exploración y Producción Colombia S.A.S., and Frontera Energy.

GRI 102-12

CANACOL is member of the Colombian Oil Association, ACP [for its Spanish initials], of the

Colombian Oil Engineer Association, ACIPET [for its Spanish initials] and of Naturgas.

GRI 102-13

The Company is signatory of the Global Compact since the year 2014 and adopts the Voluntary Principles in Safety and Human Rights established by the United Nations. In this sense, the Company has created corporate policies necessary to assume a much more active role and ensure support and respect of the internationally recognized Human Rights.

The staff of CANACOL closed in 2017 with a total of 304 direct employees.

GRI 102-7

In the past few years, CANACOL has focused its business strategy particularly on natural gas production. The purpose of the Company is to become the main independent natural gas exploration and production company of Colombia and the main provider of clean fuel in the Caribbean Coast of the country.

The main consumers of CANACOL are classified in three sectors: thermoelectric or thermal generators; commercial distributors; and the industrial sector, including refineries.

GRI 102-48

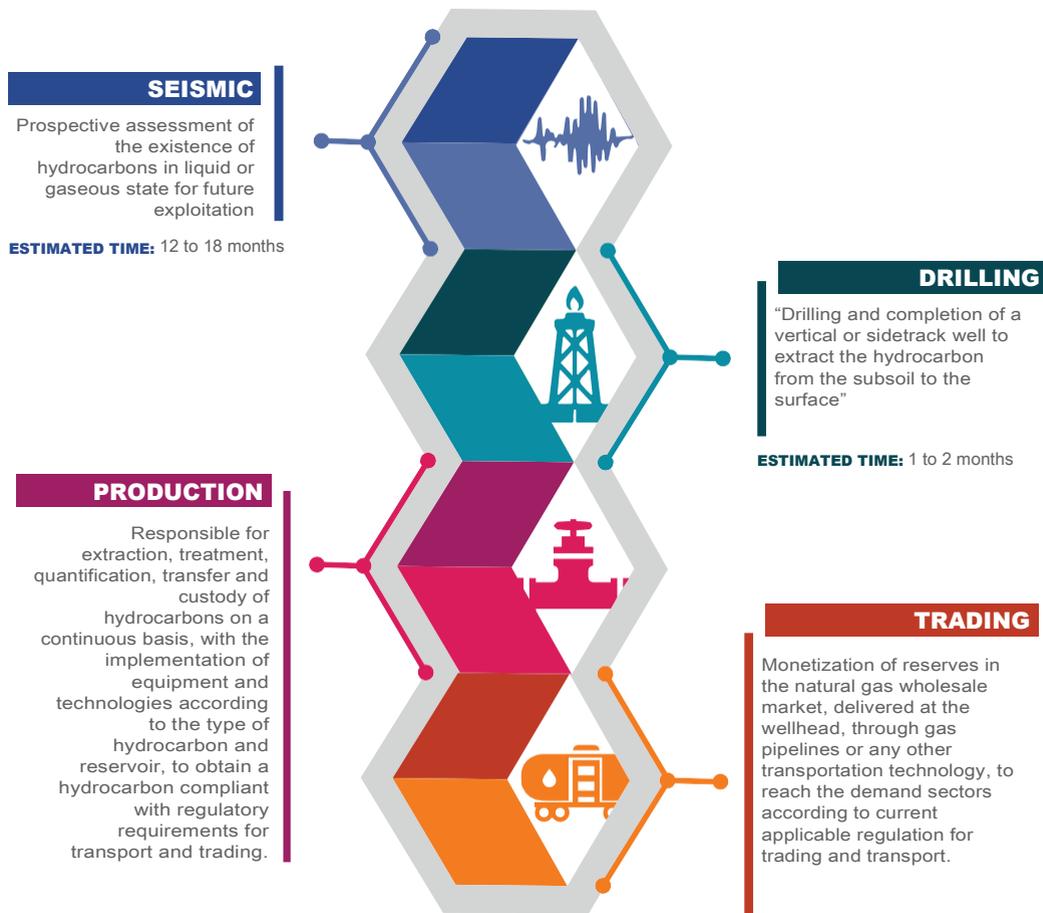




VALUE CHAIN

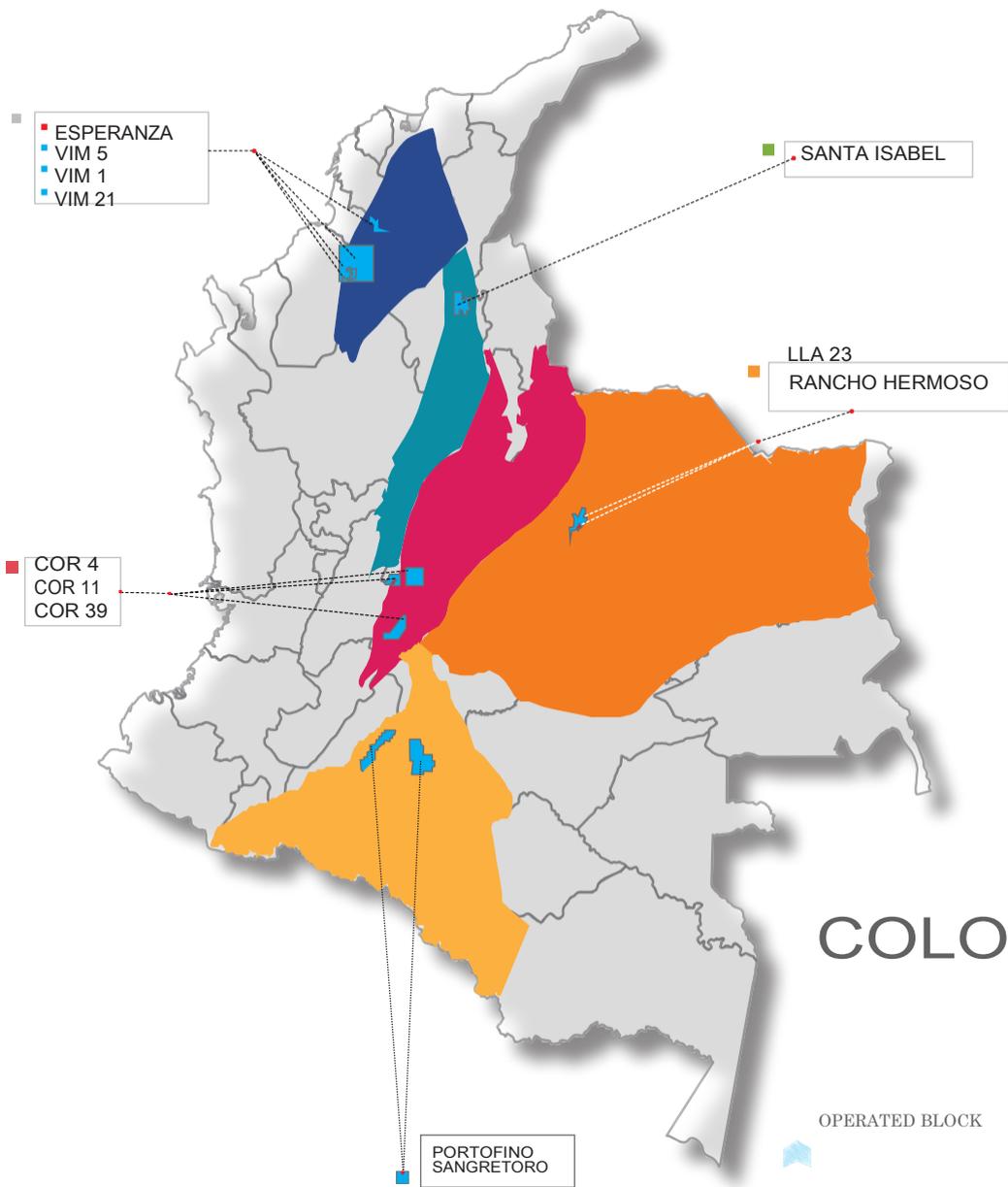
GRI 102-6

GRI 102-9



OPERATIONS MAP

GRI 102-4



CERTIFICATIONS

CANACOL has the ISO 9001:2015, ISO 14001:2015 and OSHAS 18001:2007 certificates for oil and gas exploration, drilling and production activities. This shows the commitment of the Company with the application of the best practices and the highest standards in its quality, environment and health and safety at work management. Likewise, it reflects the corporate interest in continuous improvement in all its processes and activities.

GRI 102-12





ABOUT THIS REPORT

GRI 102-50 “This report has been prepared according to the Essential option of the GRI Standards.” This is the fourth consecutive report of CANACOL under the methodology of the Global Reporting Initiative, GRI.

GRI 102-51

GRI 102-52

GRI 102-49

GRI 102-54

Performance of the main subsidiaries of Canacol Energy Ltd.: Canacol Energy Colombia S.A.S., CNE Oil & Gas S.A.S., CNEOG Colombia Sucursal Colombia, Geoproduction Oil & Gas Company of Colombia, and Shona Energy (Colombia) Limited, is reported.

GRI 102-45

This includes information of hydrocarbon exploration, development and production operations of the blocks operated by CANACOL during 2017 in Colombia. Information of blocks in which the Company exclusively appears as partner is not included.

GRI 102-45

GRI 102-53 This sustainability report of CANACOL was not subject to external audit.

Any concern with respect to this report may be sent to the electronic mail ohernandez@canacolenergy.com.

GRI 102-56





CORPORATE GOVERNANCE

The Annual General Shareholders' Meeting is CANACOL's highest governance body and holds meetings at least once a year. In this space, shareholders elect the members of the Board of Directors and the auditors.

The Board of Directors is the one responsible for overseeing the management of the business and the matters of the Company and of its subsidiaries. For its operation, the Board of Directors is supported by three committees: (i) Reserves, (ii) Audit, and (iii) Corporate Governance and Compensation.

CANACOL's good corporate governance practices are based on the National Policy 58-201 – "Corporate Governance Guidelines" of the "Canadian Securities Administrators" - "CSA", which, as an integral part of Canadian regulation of shares, are applicable to the entire Organization.

In the Annual General Shareholders' Meeting held on July 12 of 2017, the eight (8) members of CANACOL's Board of Directors were elected:

MICHAEL HIBBERD	CHAIRMAN OF THE BOARD OF DIRECTORS
CHARLE GAMBA	PRESIDENT, CEO & DIRECTOR
STUART HENSMAN	INDEPENDENT MEMBER
DAVID WINTER	INDEPENDENT MEMBER
GREGORY D. ELLIOT	INDEPENDENT MEMBER
FRANCISCO DÍAZ SALAZAR	INDEPENDENT MEMBER
ALBERTO JOSÉ SOSA SCHLAGETER	INDEPENDENT MEMBER
OSWALDO CISNEROS	INDEPENDENT MEMBER



ETHICS AND TRANSPARENCY

GRI 102-16

GRI 406-1

GRI 102-18

CANACOL has a Code of Ethics and Business Conduct that contains all the principles expected by the Company to be adopted by its employees (including permanent employees, employees by contract, employees in commission or employees of temporary agencies and consultants) and its management team in the conduct of the business.

GRI 205-1

GRI 205-2

The Company's Corporate Governance and Compensation Committee is the one responsible for managing the CANACOL's Code of Ethics and Business Conduct, and it, in turn, has delegated the daily responsibility of managing and interpreting the Code to the Executive President ("CEO") and the Financial Vice President ("CFO").

WHISTLEBLOWER POLICY

GRI 406-1

CANACOL is committed to the highest openness, honesty and responsibility standards. Through its Policy for Disclosure of Incorrect Acts, CANACOL invites the employees or any other interested person to identify incorrect acts or alleged incorrect acts, and make them known by the Company, without fear of victimization, discrimination or disadvantage. Likewise, it ensures that concerns be brought and properly addressed within the Company. The disclosure or report mechanism promotes a responsible culture aimed to preservation of the Company's reputation and maintenance of public confidence.

Reports may be presented to the supervisor or manager responsible for the group that provides the relevant service. Notwithstanding, depending on the seriousness and sensitivity of

the matter, the interested party may contact: (i) Charle Gamba, President, Chief Executive Officer and Member of the Board of Directors, at +1 (281) 210-8456; (ii) Jason Bednar, Chief Financial Officer, at +1 (403) 767-4077; (iii) Trevor P. Wong-Chor, external counsel of the Company, at (403) 698-8711; or iv) Jason Bednar, President of the Audit Committee, at +1 (403) 607-4607.

CORRUPTION PREVENTION

GRI 205-2

According to what is established in Colombian regulation as to Prevention of Corruption and of Asset Laundering and Terrorism Financing (LAFT [for the Spanish initials]), and in compliance with the Company's Ethics and Compliance Program, CANACOL carried out important activities and processes in 2017.

Diagnosis was made of compliance with the related regulations and, later, the LAFT Policy and the LAFT Risk Prevention Manual were updated, and the Anticorruption Manual was prepared. In addition, training in prevention was given to a total of 71 employees of CANACOL.

Monitoring activities for Corruption and LAFT Prevention were focused particularly on identification of the associated risks and search for warning signs in relation to counterparties, without finding inappropriate behaviors. The Company also conducted an update campaign for awareness and acceptance of guidelines regarding conflict of interests.

In compliance with current regulation, CANACOL sent the quarterly reports of absence of suspicious transactions to the Information and Financial Analysis Unit – UIAF [for its Spanish initials].



2018 CHALLENGES

STRENGTHEN THE ETHICS AND COMPLIANCE PROGRAM THROUGH THE FOLLOWING:

- Release of the Company's Anticorruption Manual.
- Communication of the Ethics and Compliance Program guidelines among employees and contractors.
- Constant monitoring of due diligence processes.
- Regular follow-up of restrictive and control lists.
- Review of due diligence regarding Politically Exposed Persons – PEPs.
- Strengthen personnel selection procedures by reviewing acceptability criteria with respect to the outcome of security surveys.

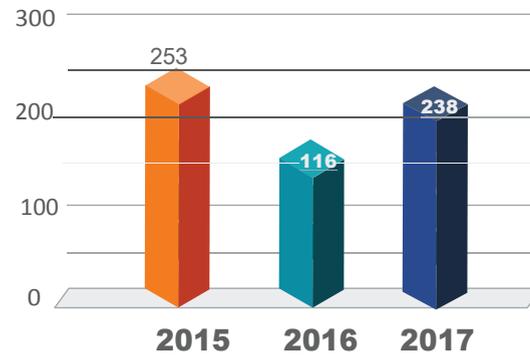
CONCERNS, PETITIONS, COMPLAINTS AND CLAIMS

GRI 102-43

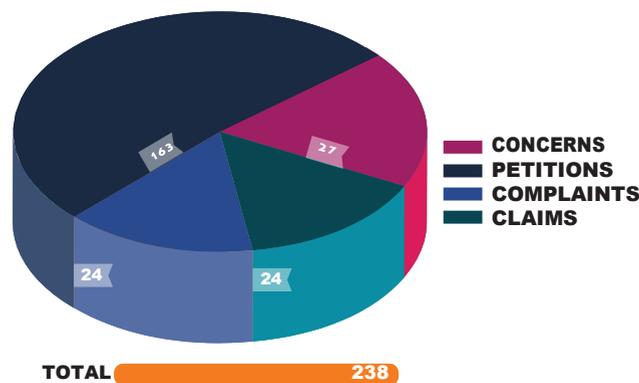
According to current regulation, CANACOL keeps active on a permanent basis its mechanism for processing of concerns, petitions, complaints and/or claims, IPQR [for its Spanish initials], of the interested parties. Social professionals, who are constantly present in the operations area of the Company, are the ones in charge of collecting the IPQRs and later forward them to the relevant area according to the subject matter, and this area is in charge of giving timely response and managing until closing. For follow-up, a matrix is used, in which IPQRs of each block are recorded.

In 2017, a total of 238 IPQRs were received. The increase with respect to 2016 is associated with the expansion of CANACOL's operations, particularly in its gas projects, to new licensing processes that were performed during the year, and to the relationship with new communities as a result of changes made in the definition of areas of influence.

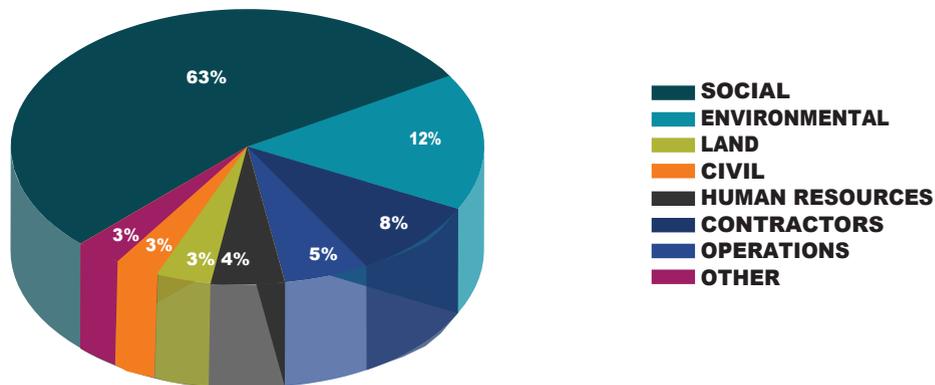
IPQRs LAST THREE YEARS



2017 IPQRs



IPQR BY SUBJECT MATTER



The percentage of IPQRs in social matters is high with respect to other topics; this is explained because those include the requests of communities with respect to voluntary social investment, which are managed by the Comprehensive Social Responsibility Management Office.

At closing of 2017, of the total of 238 IPQRs received, 12 were open and 226 were closed. The Company has improved in its response time. At the end of 2016, 90,5% of the IPQRs received in that year was closed, while in 2017 95% was closed. Notwithstanding, efforts remain aimed at reducing response times even more.

2018 CHALLENGE

STRUCTURING AND PUTTING INTO OPERATION AN APPLICATION FOR IPQR MANAGEMENT.



CANACOL MILESTONES

IN 2017

GRI 102-10

TOTAL 2P RESERVES

(proven + probable reserves)

DEEMED VOLUMES INCREASED **21%**
WITH RESPECT TO 2016, REACHING IN
TOTAL **102,5 MMBOE**
ON DECEMBER 31 OF 2017.

80% OF PRODUCTION

OF CANACOL, IN TOTAL, WAS
NATURAL GAS.

SALES INCREASED

CONSTRUCTION OF THE SABANAS FLOW LINE,
THANKS TO WHICH
GAS SALES INCREASED TO
APPROXIMATELY **120 MMSCFPD.**

SALE

OF SHARE IN THE ECUADOR OIL
CONSORTIUM FOR A CASH AMOUNT OF
US\$36.4 MILLION

SOCIAL INVESTMENT

OF
COP\$14,371 MILLION



IDENTIFICATION

OF STAKEHOLDERS

GRI 102-40 For CANACOL, stakeholders are the ones who are directly or indirectly affected by the performance of its activities and who also have the capacity to directly or indirectly affect the performance of the Company.

GRI 102-43 Handling and involvement of stakeholders in the strategy of the business are fundamental to the Company. Therefore, it is continuously striving to create scenarios of dialogue and participation, aimed at identifying expectations, and at generation of and compliance with mutual commitments, clearly focused on sustainable development.

GRI 102-42 The identification of stakeholders is made by preparing risk analysis, communication media monitoring, consult with experts and feedback of the social team of the Company that is continuously present in the area of operations.

In addition, in the framework of preparation of this sustainability report, CANACOL carried out an internal workshop with the purpose of identifying and prioritizing its stakeholders. This exercise was facilitated by Signum Consulting, the firm engaged for research and preparation of the report. Fourteen (14) people, all of them responsible for different areas of the Company, took part in the exercise. Mapping of the stakeholders made on the occasion of the 2016 sustainability report was used as starting point, and, for the new analysis process, the following criteria were taken into account: (i) interest in activities carried out by CANACOL, and (ii) capacity to influence the decisions of the Company.

CANACOL's stakeholders were classified as follows:





MATERIALITY ANALYSIS

During the abovementioned workshop, CANACOL's management team identified and prioritized the material issues for the Company in the social, environmental and economic dimensions.

GRI 102-44 In order to establish the material issues of stakeholders, a semistructured interview was designed and applied to 216 people, among communities, contractors and providers, colleagues and authorities. Interviews to communities and to contractors and providers were made in the area of influence of CANACOL's operations, in the municipalities of Corozal, Sampués, San Marcos, Caimito and La Unión in the department of Sucre, and Chinú, Sahagún and Pueblo Nuevo in the

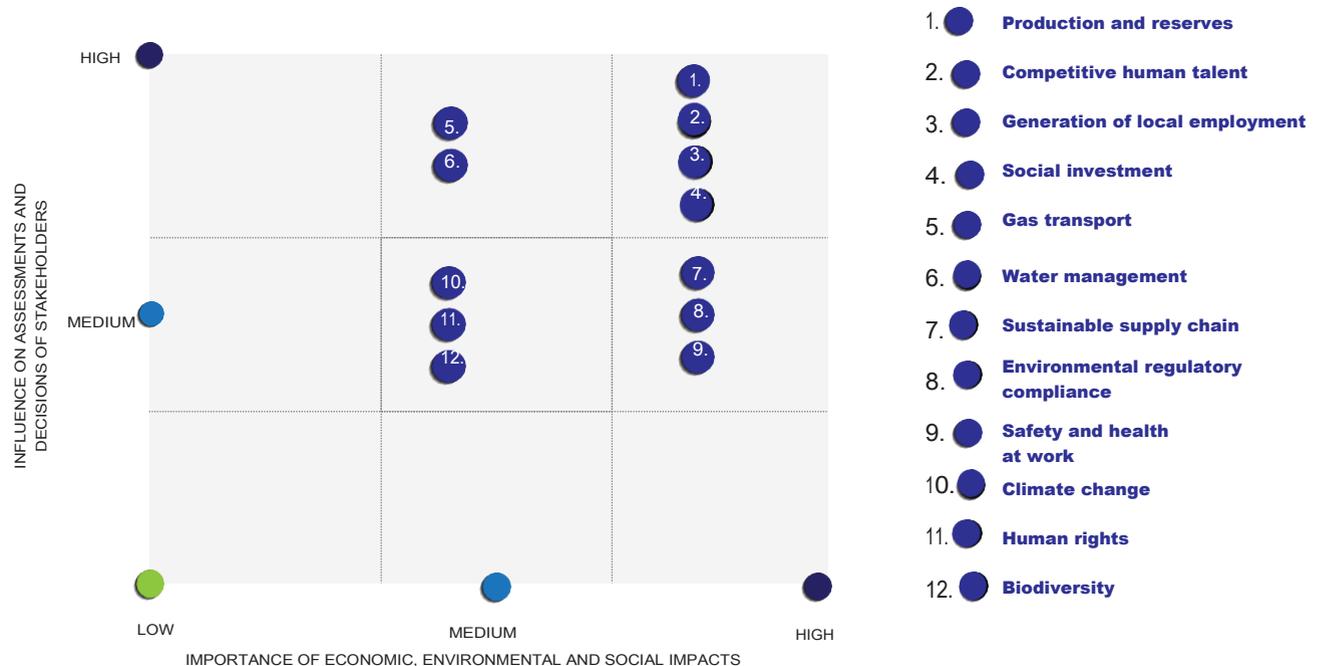
department of Córdoba. CANACOL's colleagues were consulted in Bogota as well as in the field.

For the purposes of this exercise, four (4) representatives of the municipal mayors' offices were interviewed. Notwithstanding, the Company maintains permanent interlocution with the first authorities of the 17 jurisdictions where it performs its operations.

The Company established the coverage of material issues at an internal as well as an external level.

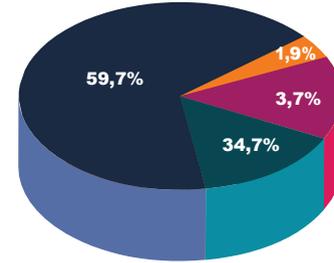
MATERIAL ISSUES

GRI 102-47



CONSULT TO STAKEHOLDERS

- EMPLOYEES
- COMMUNITIES
- CONTRACTORS AND PROVIDERS
- AUTHORITIES



COVERAGE OF MATERIAL ISSUES

GRI 102-46

MATERIAL ISSUE	INTERNAL COVERAGE	EXTERNAL COVERAGE
Production and Reserves	Operations Vice Presidency; Production Office, Drilling and Completion Office	Investors, Partners and Allies, Shareholders, Analysts.
Environmental Regulatory Compliance	Legal Office, Regulation and Gas Trade Commercial Office, Sustainability Office; Environmental Area.	Government, Control Bodies, Community
Gas Transport	Gas Vice Presidency, Regulation and Gas Trade Commercial Office	Partners and Allies, Investors, Shareholders
Social Investment	Vice Presidency of Social and Governmental Affairs; Comprehensive Social Responsibility Office.	Communities, Government, Civil Society Organizations.
Safety and Health at Work	Sustainability Office; H&S Area	Colleagues, Providers and Contractors.
Human Rights	Sustainability Office; Safety Area, Human Talent Area and Labor Relations Area	Communities, Colleagues, Civil Society Organizations, Contractors and Providers, Government.
Climate Change	Sustainability Office; Environmental Area	Government, Civil Society Organizations, Community.
Biodiversity	Sustainability Office; Environmental Area	Communities, Civil Society Organizations, Government.
Water Management	Sustainability Office; Environmental Area	Communities, Civil Society Organizations, Communities, Government.
Sustainable Supply Chain	Procurement Office	Contractors and Providers, Community
Competitive Human Talent	Administrative Office; Human Talent Area, Labor Relations Area	Colleagues, Contractors and Providers, Community, Government.
Generation of local employment	Human Talent Area, Labor Relations Area, Sustainability Office, Comprehensive Social Responsibility Office.	Contractors and Providers, Community, Government.



HUMAN RIGHTS

GRI 103

As stated in the CANACOL ENERGY's Human Rights Respect and Promotion Policy, the Company is respectful of Human Rights and is committed to their promotion in the framework of its operations. The Company is led by the Guiding Principles on Business and Human Rights; and as signatory of the Global Compact, it seeks to have its activity contribute to the achievement of the Sustainable Development Goals, SDGs. Likewise, it embraces the United Nations Voluntary Principles of Security and Human Rights (VPSHR).

CANACOL has a Human Rights Respect and Promotion Monitoring Committee, which leads and controls the Company's Human Rights Strategic Plan, makes regular assessments and processes complaints, petitions and claims related to this matter.

The Company also has Human Rights Observers; they are employees of CANACOL who are in charge of observing the human rights situation in the fields, as well as receiving complaints, petitions,

and claims of workers, contractors and the community, and bringing them to the Committee. Likewise, they are in charge of the development of workshops for generation of trust with the community.

In the first and second halves of 2017, trainings were carried out, aimed at Military Authorities, the Police and Private Security in the Esperanza, VIM 5, VIM 21, Llanos 23, Rancho Hermoso and Santa Isabel Blocks and in the city of Bogota. A diagnostic survey was conducted to determine the level of knowledge of the VPSHR and, after the trainings, an evaluation was made with the purpose of assessing the knowledge acquired. Primers with general tips on VPSHR were also delivered.

During the months of October, November and December, face-to-face workshops were also carried out, addressing human rights (HR) and business topics. The workshops were divided into two cycles. The first had the participation of 168 people and the second had 133 people.

GRI 410-1

GRI 412-2

THEMATIC CONTENT OF FACE-TO-FACE WORKSHOPS



IN 2017

GRI 103-2

CANACOL **DID NOT RECEIVE** REPORTS OF POSSIBLE VIOLATIONS OF HUMAN RIGHTS





2018 CHALLENGE

- KEEP STRENGTHENING THE PROMOTION OF HUMAN RIGHTS AND OF THE VPSHR IN THE COMPANY, THROUGH VIRTUAL MECHANISMS AND NEW METHODOLOGIES.
- CONTINUE TRAININGS TO MILITARY FORCES, POLICE AND PRIVATE SECURITY IN HR AND VPSHR.



ECONOMIC PERFORMANCE

GRI 103

In 2017 CANACOL made decisions and carried out activities that significantly improved its financial position. The exploratory success in its natural gas fields led to a 15% increase in the hydrocarbon production levels with respect to 2016. Likewise, construction and operation of the Sabanas flow line and access to the Promigas expansion program allowed increasing gas sales to levels of 120 MMscfpd. On the other hand, disinvestment of

crude oil production assets in Ecuador resulted in revenues of USD \$36,4 million, a transaction with effective date in January of 2018.

The Company refinanced its debt reducing the average interest rate and extended the first amortization payment of the new loan to 2019.

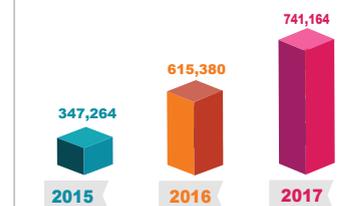
2017 ECONOMIC PERFORMANCE GRI 201-1

ECONOMIC VALUE DISTRIBUTED

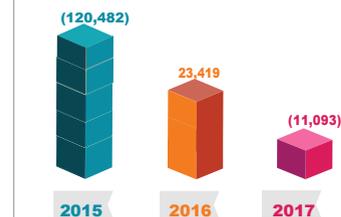
	COP MM		
	2015	2016	2017
RUNNING AND OPERATING EXPENSES	323,210	387,513	509,322
SALARIES AND BENEFITS	31,742	32,700	42,529
PAYMENTS TO CAPITAL PROVIDERS	40,379	40,224	43,099
TAXES, ROYALTIES AND FINES	40,019	82,707	92,664
INVESTMENT IN COMMUNITIES	4,063	12,478	17,165*
INFRASTRUCTURE	15,587	14,233	19,369
MANAGEMENT OF LANDS AND EASEMENTS	8,253	4,874	6,282
UNQUALIFIED TEMPORARY EMPLOYMENT			702
ENVIRONMENT	4,493	17,232	21,125
TOTAL	467,746	591,960	752,257

*The value associated to Investment in Communities in 2017 includes logistic costs assumed by the Company for the execution of social projects.

ECONOMIC VALUE GENERATED



ECONOMIC VALUE RETAINED



Cash flow from operations at the end of 2017 was of USD 84,8 million, including the results of the incremental production contract of Ecuador. During the reporting year, the Company expanded its credit possibilities by increasing the disbursement of funds for debt from USD \$265 million to USD \$305 million.

CANACOL did not pay dividends during 2017. The Company is autonomous to define payment of dividends; future financing needs, the Company's financial position or any other circumstance considered by the Board of Directors are taken into account.

The Company presented two projects to Colciencias in the framework of Science, Technology and Innovation (Law 633 of 2000 and Law 1286 of 2009); the first consisted in the use of colloids for the construction of two oil well platforms, and the second consisted in the use of flexible piping for the

construction of the Sabanas gas pipeline. Both were approved by Colciencias, were executed in 2017, and allowed access of CANACOL to tax benefits for the income tax of such year.

GRI 201-4

During 2017 no judicial or administrative actions were brought against CANACOL for practices against free competition in the market.

GRI 205-4

CANACOL's 2017 audited financial information may be found at:

<http://www.canacolenergy.com/i/pdf/nr/2018-03-26-nr-cne-6nHEtw.pdf>

One of the great challenges of 2018 is to continue expanding the gas transport capacity to ensure sales of 230 MMscfpd from the 1st of December of this year.

GRI 201-2

2018 CHALLENGE

- DIVEST THE MOST PART OF OIL ASSETS IN COLOMBIA AND ALLOCATE RESOURCES TO INCREASE THE NATURAL GAS PRODUCTION CAPACITY.
- ACHIEVE AVERAGE GAS SALES BETWEEN 114 MMSCFPD AND 128 MMSCFPD.

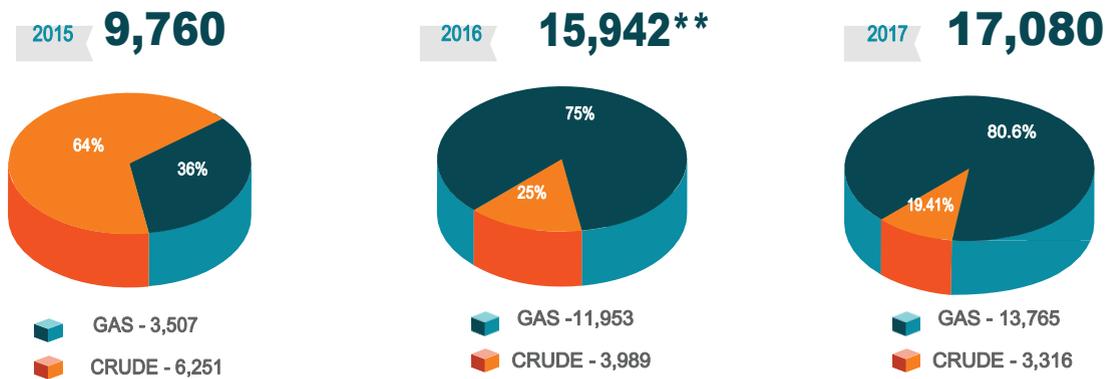


SUCCESSFUL OPERATIONS

In 2017, CANACOL met its goals set with the purpose of migrating its portfolio from oil to gas and starting to lead the natural gas market in Colombia; 80% of the total production of the Company was gaseous hydrocarbon. In December of the reporting year, the expected production level of 130 MMscfpd was reached; the annual average was 78 MMscfpd.

In the year of this report, the Company increased its gas production in 13% with respect to the year 2016 (Esperanza, VIM-5 and VIM-21 Blocks). This means that it went from 11,930 BOEPD to 13,765 BOEPD. The entry into production of the Nispero-1 and Trombón-1 wells in the Esperanza Block and the Toronja-1 well in the VIM-21 Block had a positive impact on CANACOL's 2017 operating results.

PRODUCTION EVOLUTION BOEPD



*The end of the financial year of the Company was changed from the 30th of June of 2015 to the 31st of December of 2015, so that the production reported for the year 2015 refers to the last 6 months of the year; period ended on the 31st of December of 2015.

**The 2016 sustainability report stated that for that year the total production of CANACOL was 15,909 BOEPD and in the production evolution chart of this report the total production of 2016 is 15,942 BOEPD. The reason of this difference is that the Company included the gas condensate (23 BOEPD) produced in the Nelson Field of the Esperanza Block, which had not been taken into account in calculations made for that year.



In 2017, the increase in gas production was reflected in the 7% increment of CANACOL's total production with respect to 2016, which offset the production decrease of the crude oil blocks: Llanos-23 and Ecuador.

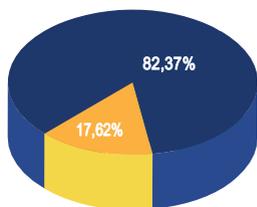
The total proven and probable reserves (2P) and deemed volumes had a 21% increase with respect to the reserves audited at the end of 2016; reaching 102.5 MMBOE on the 31st of December of 2017. This increase was produced as a result of the drilling of five (5) new gas exploratory wells: Cañahuatate-1 and Cañandonga-1 in the Esperanza Block; Toronja-1 in the VIM-21 Block; and Pandereta 1 and 2 in the VIM-5 Block.

In compliance with the commitments acquired with the Colombian Government, CANACOL drilled two oil exploratory wells in 2017: Mono Capuchino - 1ST and Pumara - 1.



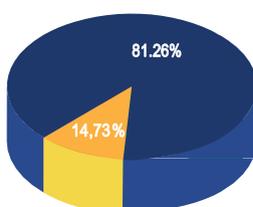
EVOLUTION OF 2P RESERVES MBOEPD

2015 **79,228**



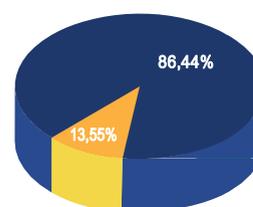
GAS - 65,262
CRUDE - 13,966

2016 **84,571**



GAS - 72,106
CRUDE - 12,464

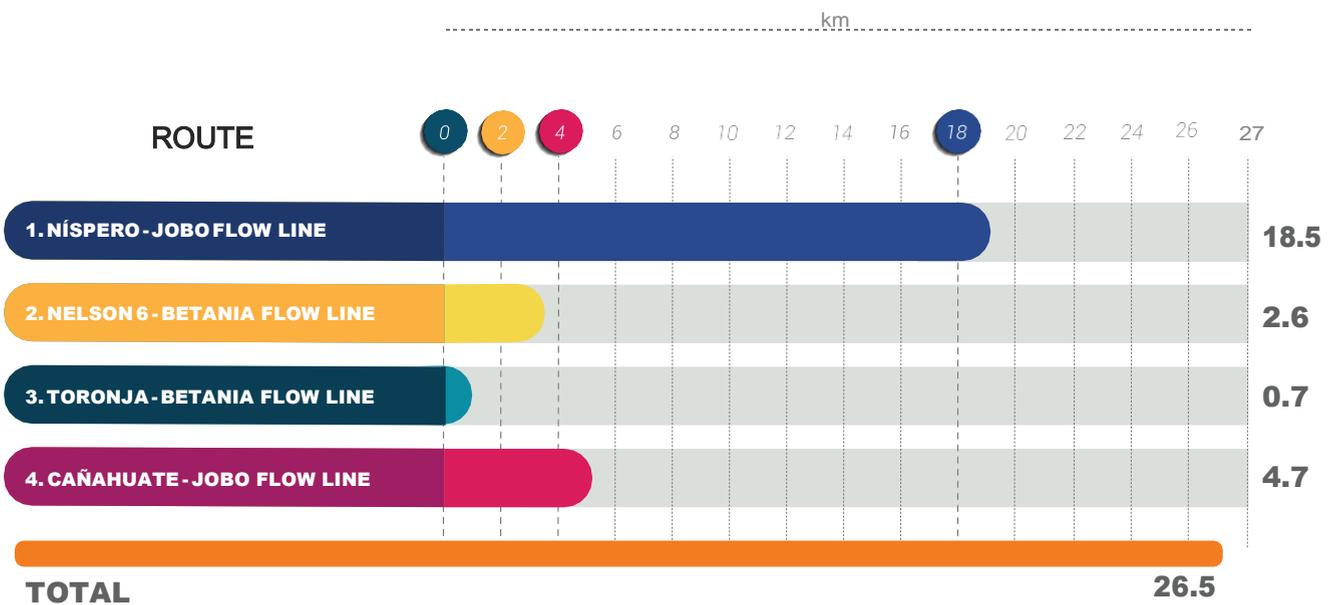
2017 **102,519**



GAS - 88,620
CRUDE - 13,900



In order to ensure the transport of gas between wells and stations for the relevant treatment, CANACOL built three new flow lines which, together, provide a total length of 21,8 km. The construction of the flow line in the route from the Cañahuate well to the Jobo station was started at the end of 2018, with a length of 4.7 km.



In 2018, with the purpose of increasing the base of its reserves, CANACOL will undertake a drilling program of four (4) exploration and appraisal wells. Likewise, it plans the drilling of three (3) development wells.

2018 CHALLENGE

- ENSURE THE PRODUCTIVE CAPACITY OF THE COMPANY AT 230 MMSCFPD IN DECEMBER OF 2018, MAKING THE NECESSARY INVESTMENTS IN DRILLING, FACILITIES AND FLOW LINES.
- DIVEST THE CRUDE OIL ASSETS TO FOCUS THE EFFORTS OF THE COMPANY EXCLUSIVELY ON CLEAN NATURAL GAS EXPLORATION AND TRADING.



COMPETITIVE

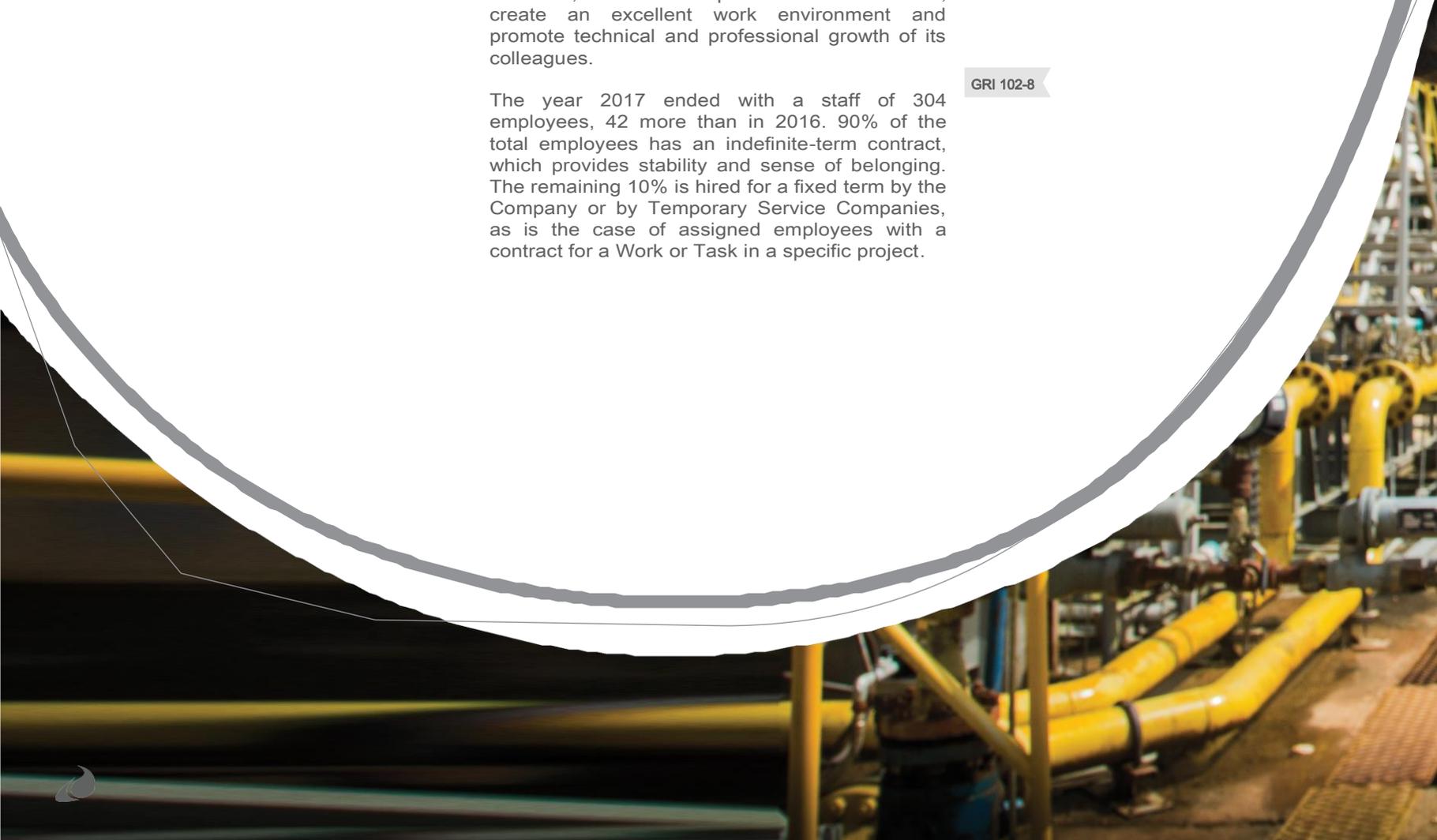
HUMAN TALENT

Human talent is the main success factor of CANACOL's business strategy and, with this understanding, the Company designs and executes its corporate strategies. Motivating, retaining and attracting the best profiles of the market is one of its basic purposes and, therefore, it strives to provide new incentives, create an excellent work environment and promote technical and professional growth of its colleagues.

GRI 103

The year 2017 ended with a staff of 304 employees, 42 more than in 2016. 90% of the total employees has an indefinite-term contract, which provides stability and sense of belonging. The remaining 10% is hired for a fixed term by the Company or by Temporary Service Companies, as is the case of assigned employees with a contract for a Work or Task in a specific project.

GRI 102-8





GRI 405

GRI 401-1

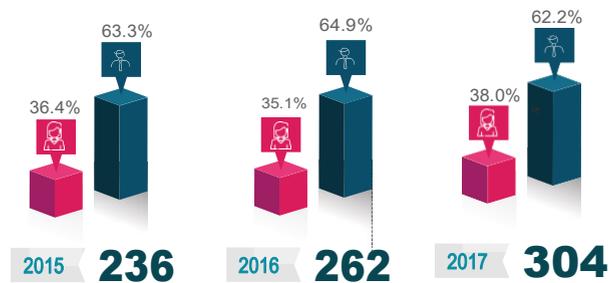
Participation of women in CANACOL's workforce is very important. The Company sees with satisfaction that the proportion of women in its staff increased in 2017 and expects that this will be a trend in the future.

At the end of 2017, 4% of women held managing positions in CANACOL and thirteen (13) Colombians were in management positions. The managing staff of the Company is 5.2% of the total of employees. During this period, 23 maternity and paternity leaves in total were granted, according to what is established in Colombian regulation.

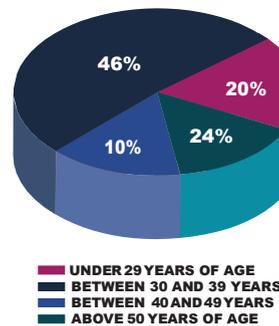
Increase of turnover in 2017 is due to: (i) Generation of more rotating positions in response to the commitment assumed with communities to create more opportunities and employability. These positions change every 2 or 3 months and impact the final turnover percentage. (ii) The Social, Operations and Production areas reformulated their strategies to address the challenges of the business, which required an in-depth review of their structure; as a result, important changes were produced in their personnel.

On December 31 of 2017, CANACOL had eleven (11) SENA apprentices, in compliance with Law 789 of 2002, which established the companies with obligation to hire or engage SENA apprentices in Colombia. The apprentices were not taken into account in the turnover rate calculation, because of the type of their relationship with the Company.

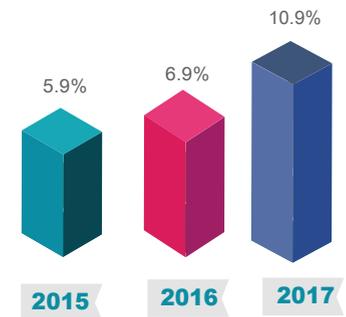
DISTRIBUTION OF PERSONNEL BY GENDER



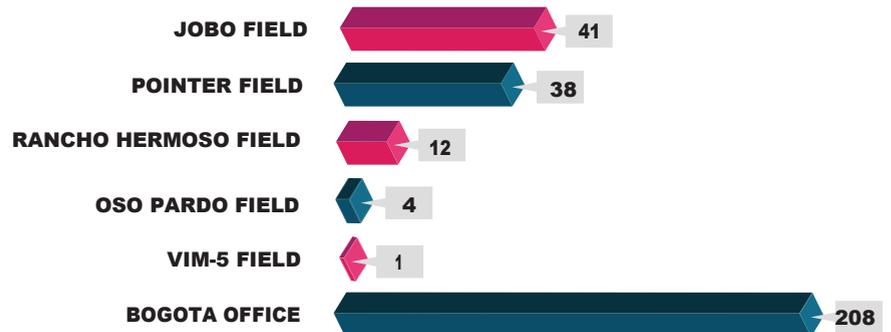
PERSONNEL BY AGE



TURNOVER RATE

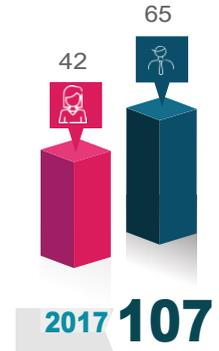


PERSONNEL BY REGION

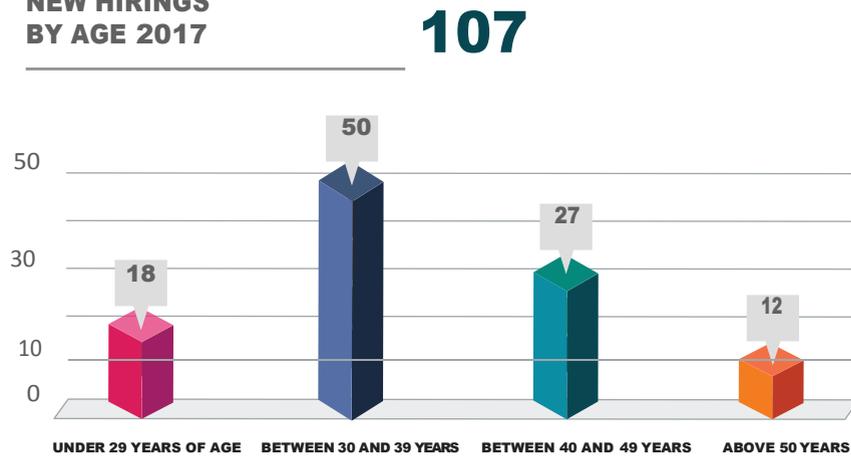




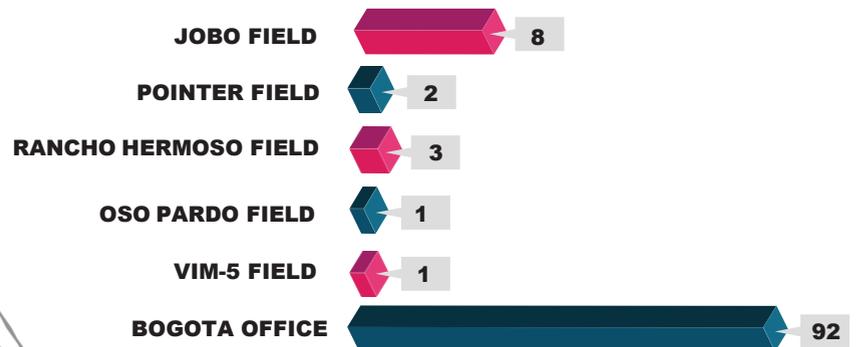
**NEW HIRINGS
BY GENDER 2017**



**NEW HIRINGS
BY AGE 2017**

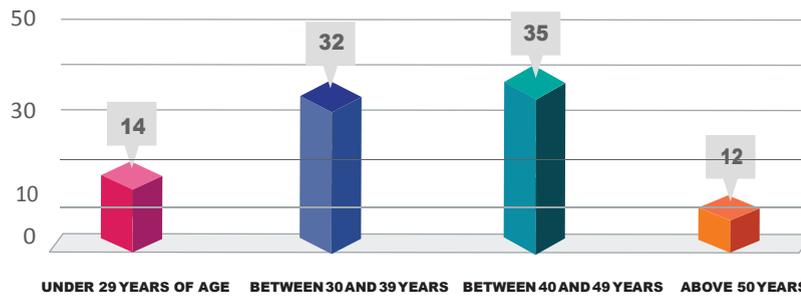


NEW HIRINGS BY REGION 2017

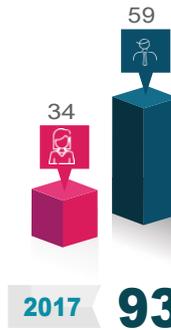


NUMBER OF WITHDRAWALS BY AGE 2017

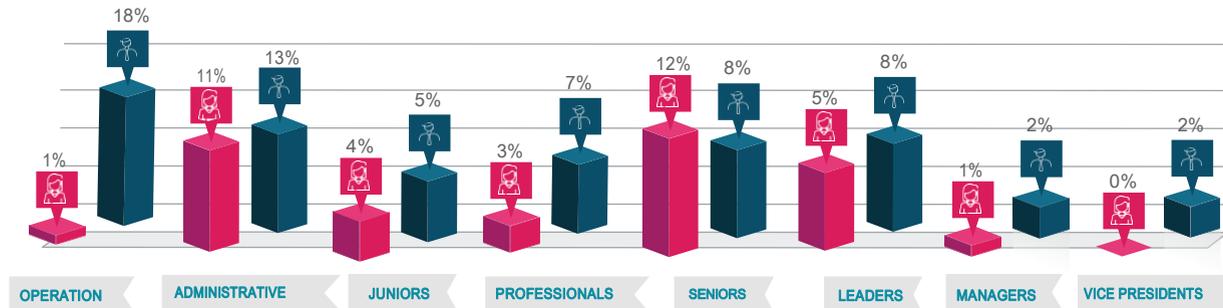
93



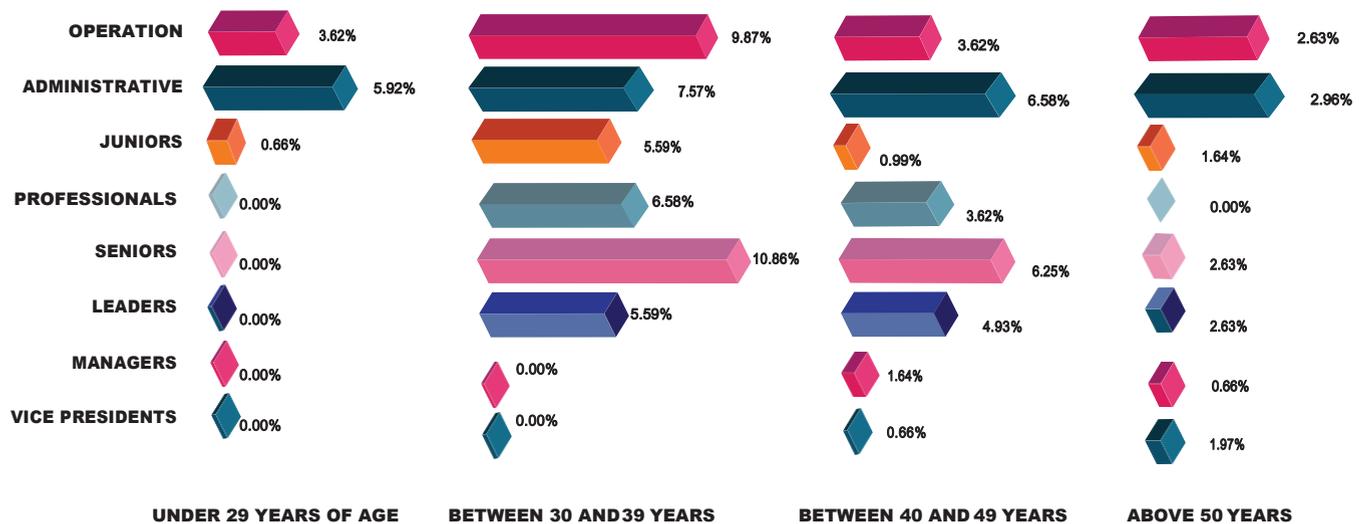
NUMBER OF WITHDRAWALS BY GENDER 2017



WORK CATEGORY BY GENDER 2017



WORK CATEGORY BY AGE



PERSONNEL SELECTION

In 2017, the Company made important changes in the personnel selection process seeking to ensure the highest standards in evaluation of candidates and to attract the best human talent.

New elements were incorporated in the process, such as reference check with competency-directed questions, psycho-technical tests recognized in the market, assessment centers with case study methodology, candidate assessment reports for client areas and regulated technical tests, among others.

INTERNAL CALLS

One of the internal strategies promoted by the General Manager's Office of CANACOL in 2017 was referred to internal personnel calls in new selection processes; this with the purpose of identifying the potential of colleagues, providing possibilities of professional growth and generating a dynamic of healthy competition within the Company.

A space was created on the intranet called "Work Classified Ads" and a referral plan was activated to share vacancies with employees. During the year internal calls were made for the positions of Financial Coordinator for the Gas Vice Presidency, Financial Coordinator for Midstream, Technical Leader for Midstream, Cost Assistant, Financial Vice Presidency, Cost

Controller and Administrative Manager. In the framework of this process, employees were moved to other areas; this with the purpose of expanding their knowledge and promoting potential identified in internal assessments.

UPGRADES AND/OR PROMOTIONS

In 2017 upgrades and promotions were formalized within the Company. This as a result of the analysis of the General Manager's Office and of each Manager's Office responsible. Some positions where upgrades and promotions were made were: Environmental Leader, Administrative Manager, Legal Leader, Logistic Specialist, Administrative Specialist, Operations Vice President, Administrative Professional and GIS Leader.

STRUCTURAL CHANGES

The organizational structures of the Operations Vice Presidency, the Administrative Manager's Office, the Comprehensive Social Responsibility Manager's Office and the Production Manager's Office underwent important changes at the end of 2017. These redefinitions took place after an annual structure review made by the General Manager's Office and the Manager's Office of each area, given the challenges and strategies planned for the year 2018. Professionals with certain technical competencies were engaged, in accordance with the targets of the business, and there were modifications in reporting lines, among other changes.



COMPENSATION

CANACOL's management made the decision to measure the Company in the market with respect to compensation to colleagues and took part in the Annual Salary Survey of the MERCER company. In this exercise, the Company was compared with entities of the sector such as Equion Energia Limited, Chevron, Frontera Energy, Ecopetrol, Parex Resources and Cepsa, among others.

GRI 401-2

It was evidenced that, in average, compensation of most of the positions was within 80% and 100% of the median of the market. Notwithstanding, it was also identified that others were below 80%; for these cases, the Company started a progressive adjustment and leveling plan, which started to be reflected in 2017. The purpose is to bring the positions with lower compensation closer to the median of the market, generating conditions of competitiveness and equity and incentives aimed to retention of human talent.

The annual salary survey also allowed CANACOL to define levels by jobs, value positions and start to group jobs with similar responsibility and impact on the business.

TOTAL SALARIES AND
BENEFITS IN 2017 WERE
COP \$38,017 MILLION



BENEFITS

The benefit scheme provided by the Company to its colleagues was also reviewed, at an internal level, as well as with respect to other companies of the sector. As a result, adjustments such as the following were made:

- Leveling of the same percentage of meal vouchers for all employees and allocation to all levels from the Leader position downwards within the structure.
- Migration of some employees to a new Prepaid Medicine Company with better coverage and benefits in the city of Monteria.
- Change of life insurance with better coverage benefits.

Other benefits were maintained without changes, such as the Saving Promotion Plan, the Funeral Insurance, the performance bonus and the Vacation. In 2017, a benefit flexibilization plan was proposed, which shall be analyzed in 2018.



TRAINING

GRI 404-1 In the last quarter of 2017, CANACOL built a Corporate General Training Matrix with the purpose of identifying the training needs for each one of the jobs, assess the colleagues with respect to such needs, evidence training gaps and establish training priorities across the company. The training needs across the company that were identified in the process became the Corporate Training Plan for the year 2018.

Trainers were also identified within the Company, in the Legal, Labor and Production areas, who shall give trainings to personnel across the company. The process of construction of contents has started with them.

The corporate orientation process has been strengthened. Previously, a half-day exercise would take place with participation of three (3) areas of the Company. From 2017, a one-day session is carried out, involving seven (7) areas of the Organization, all of them key in the value chain.

During 2017, the Company adjusted the metrics to measure training indicators in a more effective manner, which shall start to be reflected in 2018.

PERFORMANCE ASSESSMENT

GRI 404-3 The performance assessment in CANACOL was made to 100% of the direct employees in 2017. It is based on behaviors and compliance with indicators or KPIs of the Managers' Offices. Each employee is assessed by his/her immediate supervisor, by his/her peers and by other employees. The results of the assessment are directly associated with salary increases and the performance bonus.

In 2017, the average of the performance bonus for employees was two salaries. Annual increases were subject to two variables: location of the jobs with respect to the median of the market and result of the performance assessment. The performance scores were brought to the Management Committee, where definitive results and final increases were defined.

The Company is getting ready to put into operation a Performance Management Program with a formal cycle and individual indicators for the final performance assessment in 2018. This with the purpose of ensuring clear identification and alignment of the individual effort with respect to the strategy of the relevant area and the Company in general.

IN 2017

CANACOL INVESTED
AROUND
COP\$ 138 MILLIO
IN TRAINING

601 HOURS

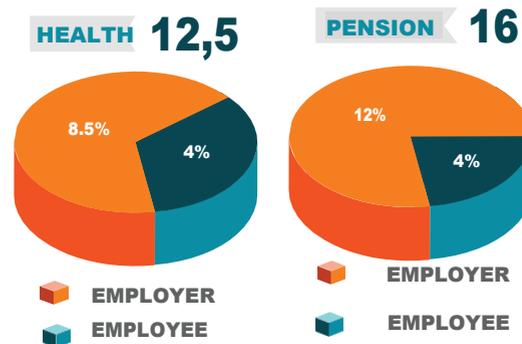
OF TRAINING FOR THE
TOTAL OF CANACOL'S
EMPLOYEES.



SOCIAL SECURITY CONTRIBUTIONS

Colombian law provides that employees as well as employers make mandatory contributions to social security, including health, pensions, and labor risks, in proportion to the employee's earnings. In addition, Colombian law requires from employers to make contributions to the SENA (2%), the ICBF (3%) and the Compensation Fund (4%). CANACOL rigorously abides by what Colombian regulation provides as to Social Security of its employees.

SOCIAL SECURITY CONTRIBUTIONS



LABOR RISKS 0.522-6.96

ACCORDING TO THE RISK LEVEL OF THE EMPLOYEE

WELFARE

With the interest of promoting recreation scenarios and a good work environment among its employees, CANACOL celebrated its end of year party in 2017, with the attendance of 240 employees and their respective families. Also, continuity was given to the interpersonal Lunch & Learn workshops, which are carried out with the support of the Compensation Fund. In 2018, the Company is preparing the celebration, for the first time, of the Family Day, which shall be a new space aimed at welfare of all its employees and collaborators.



COEXISTENCE COMMITTEE

In compliance with Law 1010 of 2006 and Resolutions No. 652 and 1356 of 2012, CANACOL maintained its Labor Coexistence Committees, LCCs, active during 2017. For the Company this is an instance of great value, because through it employees may bring forward, in a confidential and safe manner, possible complaints for workplace harassment.

For the period of 2018, CANACOL shall continue strengthening the LCCs and, when the management period of their members ends, it shall open a new call. The Company shall continue innovating and creating channels so that the employees may express their concerns.

2018 CHALLENGE

CARRY OUT THE FOLLOWING PROGRAMS:

- SUCCESSION MAP AND FIRST AND SECOND LINE DEVELOPMENT PLAN.
- INTERNAL TRAINERS PROGRAM.
- VIRTUAL TRAINING PLATFORM.
- WORK CLIMATE MEASUREMENT.



LABOR RELATIONS

In the third quarter of 2017, CANACOL structured the Labor Relations area (LR) with the purpose of implementing the best practices in labor matters and lead the Company to be a national and international benchmark. The Company understands that strengthening relations in labor

matters is a need across its value chain and that this effort shall be positively reflected in communities, direct employees and workers of its contractors.

CANACOL's labor relations are supported in five pillars:





RIGHT OF ASSOCIATION

GRI 102-41

GRI 407-1

In management of labor matters, CANACOL abides by what is provided by the International Labor Organization, ILO, the Political Constitution of Colombia and the current national regulation. Likewise, CANACOL adopts the applicable standards and the best practices of the sector.

The Company respects and promotes the free right of association with unions and ensures

that any employee may exercise such right, if the employee so decides. This corporate guideline is extended to all its contractors and providers and is considered as a key aspect for the sustainability of the Company. Part of the success of CANACOL's relations with its employees affiliated with union organizations is to address any requirement coming from them and give a timely response.

AUDITS FOR CONTROL OF CONTRACTORS

The Company designed and put into operation a new process to follow up on and control contractors in legal labor matters (payment of salaries, social benefits, vacations, extra charges, payments to social security, among others) and extralegal matters (agreements with communities), by means of audit techniques, documentary evidence and direct interviews with workers of contractors.

Through this process, CANACOL seeks to ensure the labor rights of workers who participate in its operations, structuring a follow-up phase and

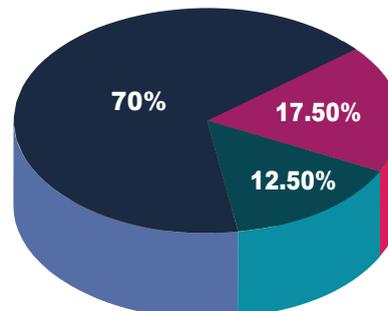
another phase to close deviations identified in the control exercise.

The audit criteria were defined taking into account the legal and extralegal labor obligations and a risk valuation from the economic point of view; this to ensure that the assessed matters may have an appropriate level of relevance at the end of the exercise and that the Company may concentrate its efforts in the labor rights with more impact on employees.

MATTERS ASSESSED BY THE LABOR CONTROL AUDIT TO CONTRACTORS

IN 2017

CANACOL HAD **12**
EMPLOYEES AFFILIATED WITH
UNION ORGANIZATIONS



- ECONOMIC**
 - LABOR AGENCIES
 - SOCIAL SECURITY
- PRIMARY DOCUMENTARY**
 - CONTRACTUAL STRUCTURE
 - LOCAL WORKFORCE
- SECONDARY DOCUMENTARY**
 - INTERNAL WORK RULES
 - WORKPLACE HARASSMENT
 - ADMINISTRATIVE RESPONSIBILITY
 - PPE
 - ADMINISTRATIVE PERFORMANCE



Likewise, the process of labor control to contractors is tabulated according to a qualitative rating system that uses the name of “conformity” for findings in line with the assessed standard, and of “major nonconformity” and “minor nonconformity”, for deviations identified in the audit exercise. For “nonconformity” findings, an action plan is established by mutual consent with the contractor, who shall have constant follow-up by the Labor Relations area.

CONTRACTOR CONTROL AUDIT QUALITATIVE RATING

	RATING	SCORE GIVEN	% GIVEN
 CONFORMITY FINDINGS	Conformity	Total allocated to the requirement	Total allocated to the requirement
	Minor non-conformity	Half of the score allocated to the requirement	Half of the % allocated to the requirement
 NON-CONFORMITY FINDINGS	Major non-conformity	Zero points	Zero %

IN 2017

IN THE LAST QUARTER OF 2017, CANACOL CONDUCTED 24 CONTROL AUDITS.

FIRST LABOR ENCOUNTER OF CONTRACTORS OF CANACOL

In September of 2017, the first labor encounter of CANACOL’s contractors was held in the city of Monteria, department of Cordoba. More than 35 companies and around 70 representatives of contractors attended the event. The operator of the Public Service of Employment, COMFACOR, gave a lecture on the regulation of the Public Service of Employment, SPE [for its Spanish initials], with the support of the Ministry of Labor (Cordoba Territorial Office). Other matters were also addressed, such as the new labor control model of CANACOL’s contractor companies; community agreements and their scope in the operation; and the contractor registration and requalification processes.

From the creation of the Labor Relations area in 2017, CANACOL has strengthened its relations with territorial authorities (Ministry of Labor’s Offices of Territorial Directors), updating them on all labor aspects related to the operations. Likewise, it has dynamized its relationship with other operators and has contributed to the generation and promotion of the best labor practices.



ENVIRONMENTAL RESPONSIBLE MANAGEMENT

GRI 102-11

CANACOL is committed to compliance with and implementation of national and international standards and good sectoral practices in environmental matters. The Company understands its responsibility with respect to effective management of impacts associated with its activities and the promotion of a culture of care for and protection of natural resources and biodiversity.

In operating areas of CANACOL, environmental management is carried out as follows: a) professionals of the Company define the strategies to comply with environmental regulation during the performance of activities; b) environmental inspection companies with long track record verify compliance, and c) local companies, engaged by the Company, perform

training activities, reforestation, hydraulic control works, and other obligations defined in the environmental license.

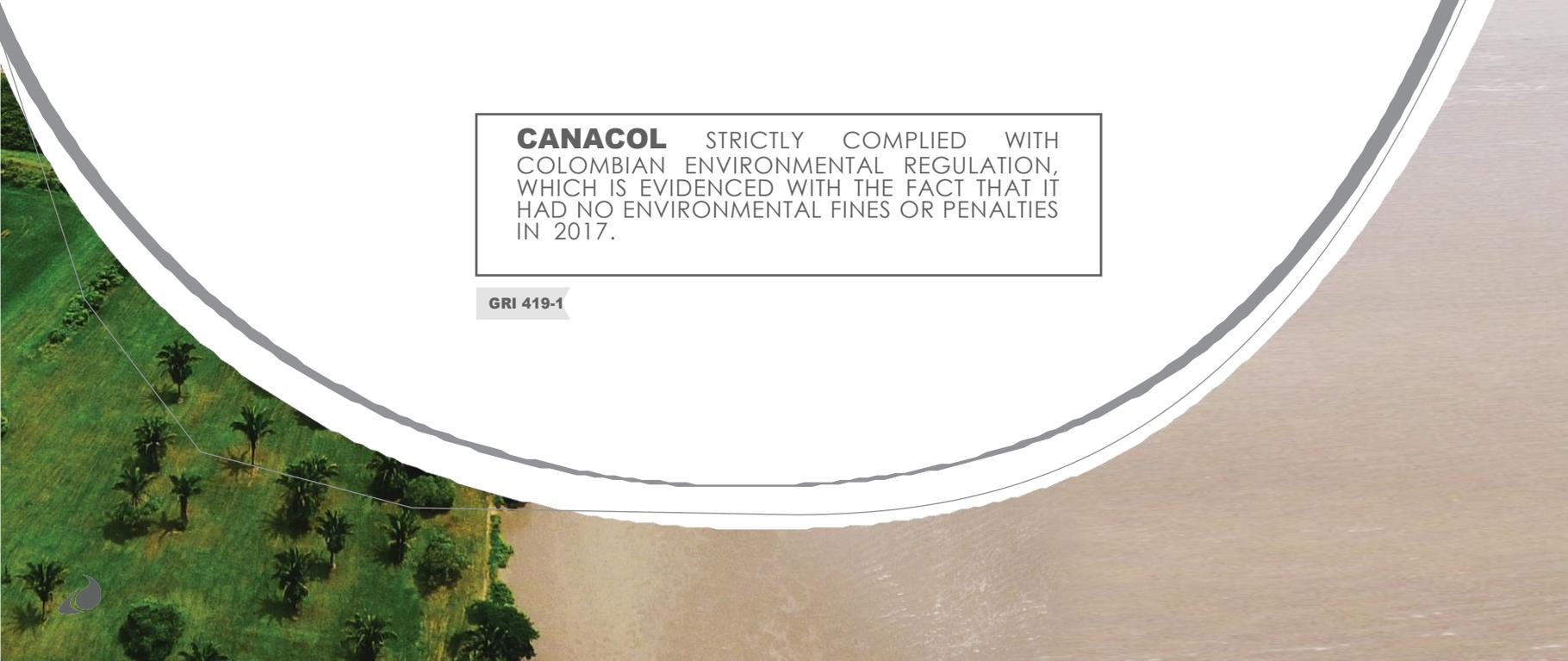
The Company has follow-up and control tools to ensure compliance with the law and with the environmental corporate guidelines by its contractors and subcontractors; this with the purpose of preventing, mitigating, correcting or, in lack thereof, compensating the effects on the environment, seeking to produce the minimum impact and ensuring the continuous improvement of operations.

GRI 308-1

In 2017, CANACOL adjusted its environmental addendum to contracts and new control mechanisms were implemented to ensure an optimal performance of contractors in the

CANACOL STRICTLY COMPLIED WITH COLOMBIAN ENVIRONMENTAL REGULATION, WHICH IS EVIDENCED WITH THE FACT THAT IT HAD NO ENVIRONMENTAL FINES OR PENALTIES IN 2017.

GRI 419-1





The Company continued acting under these criteria in all its operations in the national territory. Likewise, it complied with the environmental commitments acquired with communities of the area of influence of its Esperanza and VIM-5 blocks in the departments of Sucre and Cordoba, which are contained in the “Jobo Agreements” established in 2015. (For more detail with respect to the “Jobo Agreements,” refer to the Dialogue and Agreement section).

In the year of this report, CANACOL had the communities take part in the environmental monitoring sessions in the area of its operations and subsequently delivered, to the ones that requested them, the results of such exercises, ensuring transparency in all processes.

On the other hand, communications were given of the environmental management measures of activities performed in the fields. Likewise, the

Company continues promoting spaces to present the results of its operations and to have the communities resolve any kind of concern. In some specific cases, when a community has requested it, there has been accompaniment of the environmental authorities of the regional and national levels.

For the production of crude oil and gas, raw materials are used to help in the chemical treatment of production fluids (crude dehydration and water clarification). Through this process, the Company complies with the quality requisites and specifications required for the sale of the said hydrocarbons.

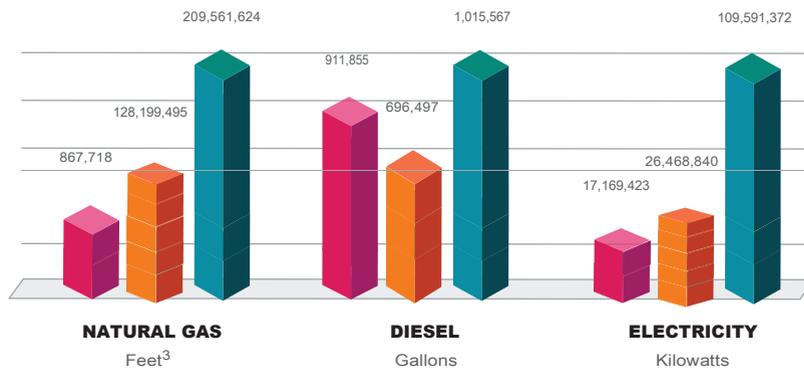
GRI 301-1

In 2017 CANACOL consumed 6,859.5 gallons of chemical products in its operations.

ENERGY CONSUMPTION WITHIN THE ORGANIZATION



GRI 302-2



GRI 302-1

CANACOL continues driving its program for substitution of diesel fuels with natural gas for the generation of the energy required in its operations. The highest consumption of diesel is mainly represented by the demand of energy in Llanos 23. Notwithstanding, in this block, gas obtained from the wells is reused to cover generation needs.

Electric energy consumption was higher in 2017 due to the production increase in Llanos 23, Rancho Hermoso and Esperanza fields.

THE TOTAL CONSUMPTION OF ENERGY FROM NONRENEWABLE SOURCES IN 2017 WAS OF 394,528,938,665,487 JOULES, 61% OF WHICH CAME FROM THE USE OF GAS

On the other hand, the energy requirements for the operation of 8 wells continue to be supplied through solar panels in the VIM-5, Esperanza and VIM-21 blocks. According to measurements, in 2017 an annual average of 36.5 kw was consumed, which is equal to the emission of 14 kilograms of CO2 equivalent.

It is important to note the information is partial because it includes an estimate of consumptions for the Esperanza and VIM-5 fields, center of the main operations of the Company.

GRI 302-2

In the year of this report, CANACOL progressed in the quantification of energy consumption outside the Organization, centering its attention on the requirements of diesel fuel used for transportation of personnel and crude oil. On December 31 of such year, the consumption was of 12,305,260,280,000 joules.

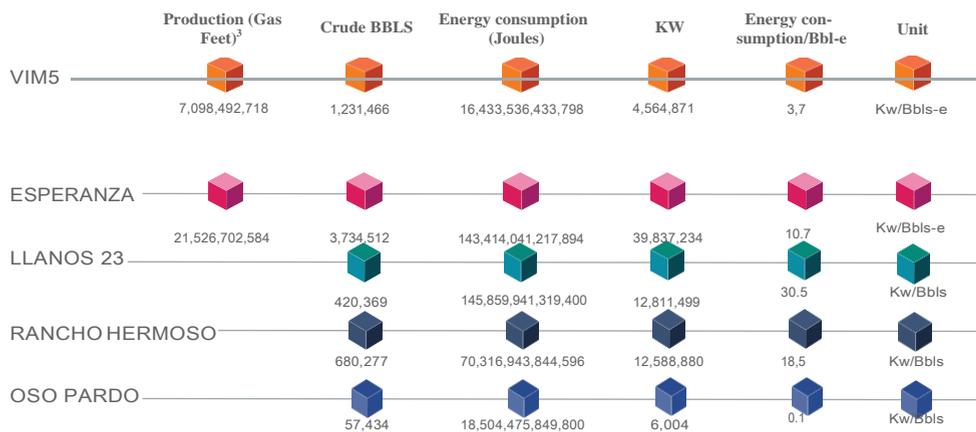
GRI 302-1

2018 CHALLENGE

INCORPORATE THE MEASUREMENT OF ENERGY CONSUMPTION IN COMPANY FLIGHTS.

GRI 302-3

The energy intensity calculated for 2017 was lower in the VIM-5 and Esperanza fields, due to the use of natural gas in operations.



THE TOTAL ENERGY EFFICIENCY FOR THE COMPANY WAS OF 63.4 KILOWATTS PER BARREL EQUIVALENT, COMPARED WITH 65.6 KW/BbLS (E) IN 2016.

GRI 302-4

The energy consumption reduction initiatives are related to higher use of gas in operations to cover the internal demand of CANACOL's operations.



WATER MANAGEMENT

CANACOL complies with environmental regulations with respect to water extraction by source, remaining within the limits authorized by the authorities.

GRI 103

GRI 303-1

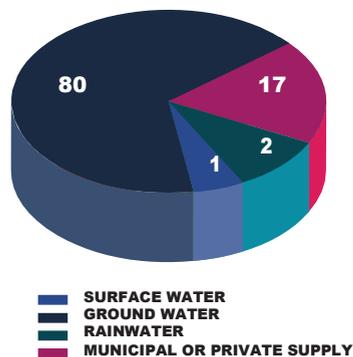
EXTRACTION OF WATER BY SOURCE - 2017



In 2017 the Company consumed a total of 9,240 cubic meters of water in production operations, around a fifth part of the consumption recorded in the previous year of 43.029 m3. Likewise, it reduced the collection of surface water to 1% of the total required.

In drilling operations, six projects were executed, which consumed a total of 21,885 m3 of water, of which 74% was collected from surface water sources and the remaining 26% was acquired from municipal supplies.

CONSUMPTION OF WATER BY SOURCE (%)





IN 2017

GRI 303-2

CANACOL USED ONLY 13% OF THE WATER RESOURCE AUTHORIZED BY ENVIRONMENTAL AUTHORITIES. THIS SHOWS THE INTENTION OF THE COMPANY IN THE SENSE OF PROTECTING WATER SOURCES, REDUCING ITS IMPACT ON THEM AND OPTIMIZING THEIR USE IN OPERATIONS.

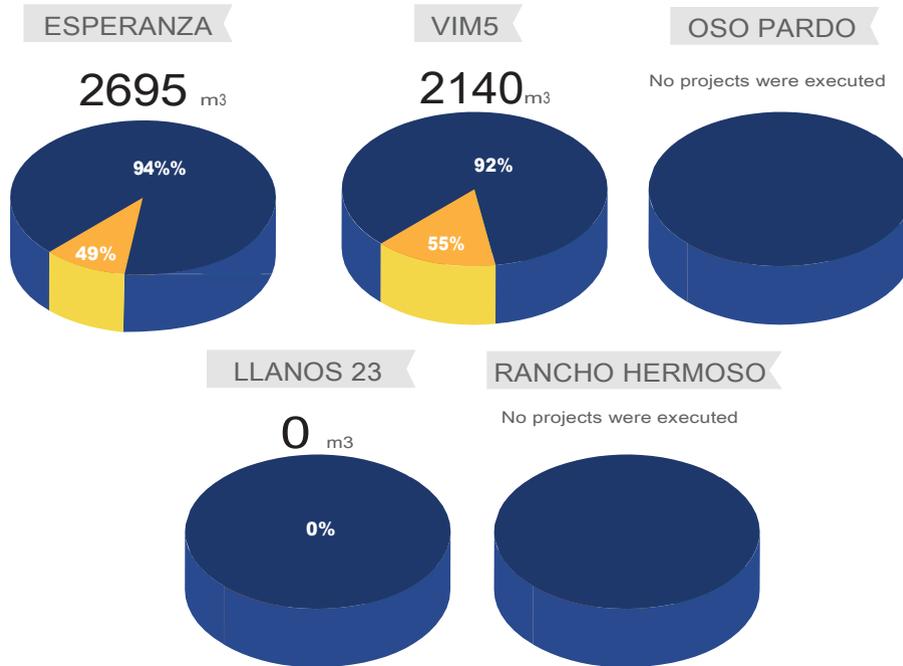


In the Llanos 23 block, the Company received permission to collect 70% of the maximum flow from a deep well located in the coordinates indicated in following chart; notwithstanding, of the total authorized, only 5% was consumed. Similarly, in the Rancho Hermoso field, in the department of Casanare, the Company only collected 16% of 93% of the maximum authorized flow.

For the five gas drilling projects carried out in 2017, a reverse osmosis system was used to treat wastewater, and, in this way, it could be recirculated as supply for drilling or road watering activities. However, for the Pumara project drilled at Llanos, this system was not used.

For projects in which reverse osmosis was used (Esperanza and VIM-5), 4,835 m³, that is, 52% of the total collected water required for drilling, were recirculated and reused, achieving a decrease in pressure on water resource.

GRI 303-3 GRI 303-3. CANACOL seeks to have an efficient use of water resource in its projects, through water recirculation and reuse processes. For example, for the Oso Pardo field, 2,680 liters of water from air conditioning were reused in cleaning activities at the location.



COMPENSATION AND INVESTMENT OF 1%

In 2017 a reforestation of 5.5 hectares was determined in compliance with the compensation established with the Regional Autonomous Corporation of the Sinu and San Jorge Valley – CVS. Likewise, a 21-hectare lot called “Para que se vea”, in the municipality of Sahagun, in the settlement of Rodania, was acquired in compliance with this obligation.

CRAZY ANT CONTROL

Canacol continues with the Crazy Ant control program, with the support of local companies in affected areas of the Municipalities of Sahagun and Pueblo Nuevo. As a work strategy, there have been training workshops developed in preparation of bait, delivery and application of bait for its direct application by landowners, and ant population monitoring. According to the results of the ant population census, in 2017 it was found that the ant is present in 23% of the area of the said municipalities. By the end of such year, it was achieved to control half of the population, and it is expected to achieve control of the entire affected area in 2018.



BIODIVERSITY

GRI 103 The Areas of Importance for Conservation of Biodiversity –AICB- have allowed CANACOL to identify and prioritize relevant actions to mitigate its impacts. The identified zones include forests and endemic flora and fauna species in the regions where operations are carried out.

GRI 304-1

OG 4

Such is the case of Hato Venecia de Guanapalo, located in the department of Casanare, a Natural Reserve of the Civil Society (RNSC [for its Spanish initials]), which is part of the National System of Protected Areas of Colombia. In this zone, a sample is preserved of the natural ecosystem of seasonal savannas, characterized by a continuous matrix of gramineous interrupted by scattered trees, generally forming gallery forests at the banks of streams, rivers and floodable savannas. In compliance with Colombian environmental regulation, CANACOL performs its operations in the zone based on principles of sustainability in the use of natural resources, preservation or restoration with long-term vision.

Impacts on biodiversity identified by CANACOL are related to changes in vegetation cover caused by construction of platforms and roads to access the locations. In the Crucero settlement, located in the area of influence of the Esperanza field, salvage and relocation of bromelias and orchids took place, reproducing the ecosystemic conditions of the area intervened for the construction of flow lines.

GRI 304-2

GRI 304-3

According to the review made by the Company in the Colombian Environmental Information System, SIAC [for its Spanish initials], no areas with protected species were found included in the UICN lists or covered by the Ramsar Convention.

GRI 304-4



CLIMATE CHANGE

EMISSIONS

GRI 103

In 2017, CANACOL took part in the Greenhouse Effect Gas (GEG) Corporate Inventory Building Capacity Strengthening Program, led by the Global Compact Network and the Business Environmental Corporation, an affiliate of the Chamber of Commerce of Bogota. This academic program allowed the Company not only the identification of emission sources and development of the calculation of its 2016 Carbon Footprint, but also the formulation of its base line for the proposal of new reduction strategies, which were incorporated in the corporate targets of the Company in 2018.

GRI 305-5

GRI 305-1

The calculation of GEG emissions of CANACOL indicates that a total of 15,917.43 tons of CO2e/year was generated, of which 97.10% refers to Scope I sources (direct emissions), 0.20% to Scope II sources (indirect emissions due to energy consumption), and the remaining 2.70% to Scope III sources (other indirect emissions). The total uncertainty of the inventory is of +/- 12.53%, which indicates that the accuracy level of the inventory is "Good," according to the methodology defined by the GHG Protocol for this measurement. However, actions aimed at reducing this uncertainty could be implemented, particularly the one associated with information management.

GRI 305-2

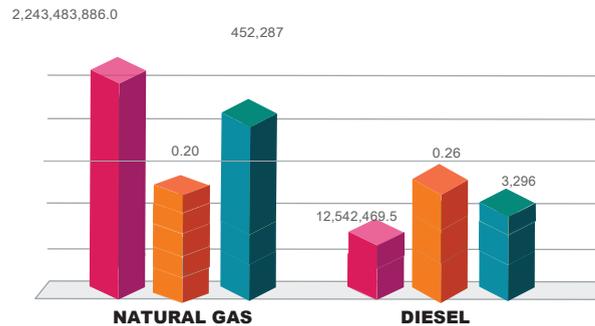
CANACOL's GEG estimate in 2017 was obtained from calculations of fuels consumed in the production process as well as by stationary equipment, boilers, furnaces, turbines, and all types of land transportation.

These figures represent the first effort of CANACOL to measure the impact of its emissions and shall be used as basis for GEG calculations made by the Company in 2018.

2018 CHALLENGE

CANACOL shall review methodologies to allow measuring indirect emissions and other GEG emissions in 2018. Likewise, it shall develop what is relevant with the purpose of estimating the impact of actions aimed at reducing CO2 emissions.

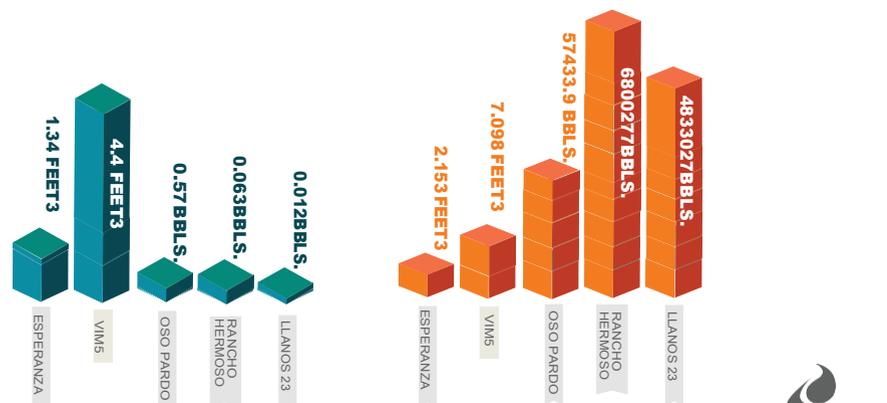
GREENHOUSE EFFECT GASES (GEG) 2017



INTENSITY OF EMISSIONS

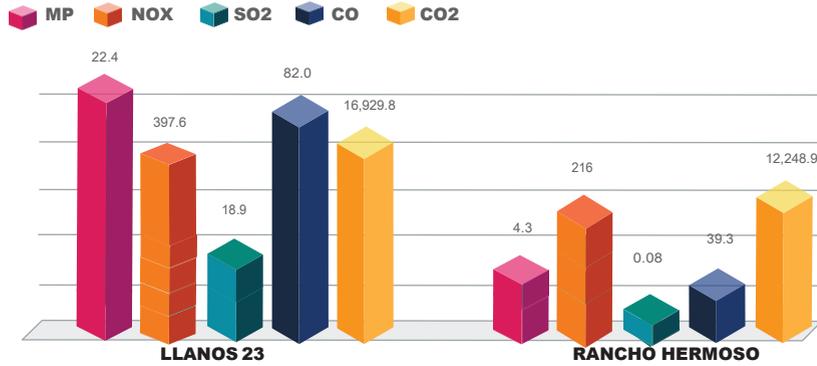
(Ton CO2 eq/ft3 gas)

PER BLOCK 2017



OG 5

SIGNIFICANT EMISSIONS INTO THE AIR 2017



CANACOL measured the significant emissions into the air in the Llanos 23 and Rancho Hermoso fields based on the analysis of fixed sources. In 2018 this measurement shall be expanded to include the VIM-5 and Esperanza fields

DISCHARGES

GRI 306-4

GRI 306-5

CANACOL complies with what is provided in the Environmental Licenses as to discharges and adopts the best sectoral practices. 100% of the total discharges made by the Esperanza block is domestic wastewater, which is disposed of in an infiltration field, and 100% of industrial water is delivered to third parties. In the Llanos 23 block, 100% of the industrial and domestic wastewater is reinjected.

CANACOL makes a careful follow-up on wastewater and other waste generated in its operations and disposes of them in the more efficient and safest manner.

GRI 305-4

DOMESTIC WASTEWATER PER BLOCK

TOTAL 201.3 m³



WASTE MANAGEMENT

In waste management, priority was given to alternative uses, to provide possibilities of recovery of remnant elements in waste and to reduce its environmental impact; as well as contracting with managing companies of the region, to mitigate the effects of transport and to support entrepreneurship in the region.

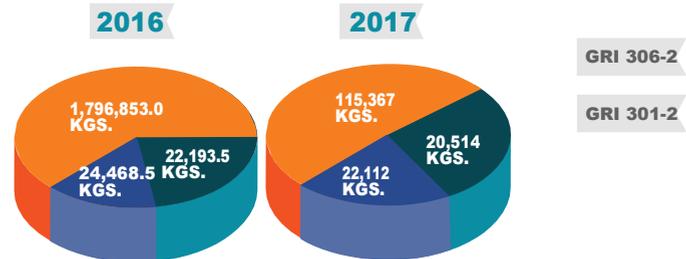
Hazardous waste is delivered to specialized contractors who dispose of it through incineration or biological treatment, as required. For its part, recyclable waste is delivered to a third-party manager who ensures its use. Finally, disposal of nonrecyclable waste is carried out in sanitary landfills.

There were no significant spills in 2017. Likewise, no impacts were recorded on bodies of water adjacent to operating zones.

All providers and contractors of CANACOL were selected taking into account environmental performance criteria. For this, an Environmental Activity Criticality Map was designed, based on which capacity and experience of providers in this field are assessed. With this assessment, contractors are classified in three categories: high, for those who have ISO 14001 accreditation; medium, for companies that are in capacity to cure the weaknesses that have been identified; and low, for those that must produce documentary evidence of having obtained the licenses and permits required by current regulation. All provider and contractor companies must also comply with the "green purchase" requirement, as applicable with respect to the life cycle of the exploratory project.

WASTE BY TYPE (KGS.)

RECYCLABLE
NONRECYCLABLE
HAZARDOUS



GRI 306-2

GRI 301-2

DRILLING FLUIDS AND CUTS

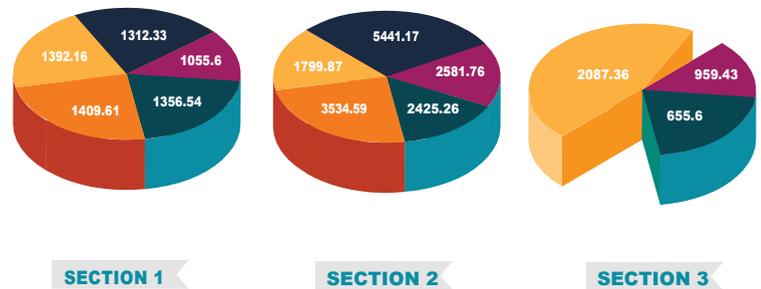
GRI 308-2

In CANACOL's activities in 2017, 26,011 barrels of drilling fluids and 22,728 barrels of drilling cuts were produced.

DRILLING FLUID VOLUME 2017

TOTAL 26,011 BBLs

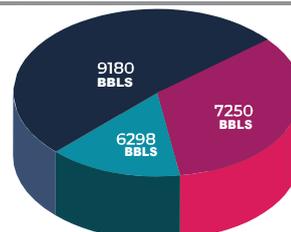
PANDERETA 2	4596.79 BBLs
CAÑANDONGA 1	6753.5 BBLs
PANDERETA 1	4437.4 BBLs
TORONJA 1	4944.2 BBLs
CAÑAHUATE 1	5279.39 BBLs



DRILLING CUT VOLUME 2017

TOTAL 22,728 BBLs

PANDERETA 2	7250
CAÑANDONGA 1	9180
PANDERETA 1	6298
TORONJA 1	0
CAÑAHUATE 1	0



SAFETY AND HEALTH

AT WORK

GRI 103

Care for life of its collaborators and its stakeholders in the framework of its operations is the priority of CANACOL. The commitment of the Company is to provide all the resources necessary to ensure welfare of personnel during the performance of the various activities and to provide healthy and safe spaces for work.

The Safety and Health at Work Management System is the tool by means of which CANACOL complies with these purposes; it contains the practices, procedures and assessment mechanisms necessary, it counts on the commitment of senior management and it is known by all employees.

The implementation of the System is based on management commitment, which implies visits of managers and leaders to their employees in the area of operations, safety talks, and recognitions for application of good practices. Likewise, results of management indicators are presented each month,

deviations are assessed, and improvement actions are taken.

In 2017 the safety culture in the Company continued to be strengthened, with a clear focus on prevention of work-related accidents and diseases. The Company counts on Safety and Health at Work management indicators to assess the results, to take corrective measures in a timely manner and to identify improvement options.

In the year of this report, a self-assessment and an initial assessment of minimum Safety and Health at Work standards, in the framework of Resolution 1111 of 2017, in compliance with what is provided in Decree 1072 of 2015, were carried out. The score obtained was higher than 85%, with an "Acceptable" assessment. The commitment of CANACOL is to maintain a good score and include the improvements detected in the Annual Work Plan.





HAZARD AND RISK MANAGEMENT

In 2017 an update was made of the matrix of hazards and assessment of risks present in the operation, with the participation of work teams and members of the Joint Safety and Health at Work Committee, COPASST [for its Spanish initials]. (GRI 403-1). Likewise, four (4) Industrial Safety Management Programs were implemented, focused on priority risks: road safety, work at heights, exposure to chemical substances and to emergency response.

PREVENTIVE AND OCCUPATIONAL MEDICINE

Preventive and Occupational Medicine has as its purpose health promotion and prevention with respect to work-related risk factors of employees. Every year CANACOL makes regular medical assessments to determine the health condition of employees and take preventive actions.

Epidemiologic Surveillance Programs are designed to assess and control diseases related to identified labor risk factors. CANACOL has three (3) programs of this type: hearing, musculoskeletal disorder and work-related psychological risk, which were kept active in 2017.

IN THE LAST **4 YEARS**
CANACOL HAS MAINTAINED IN ZERO
(0) THE INCIDENCE OF WORK-RELATED
DISEASES.

PARTICIPATION

GRI 403-1

The Joint Safety and Health at Work Committee, COPASST, is one of the basic mechanisms for active participation of employees to promote and monitor corporate activity in this regard. The Committee is composed of 16 members, all of them employees of CANACOL, who lead monthly meetings for participation, follow-up and analysis of suggestions reported by employees. Likewise, they take part in and support safety inspections and accident investigations.

HSEQ CAMPAIGNS

With the participation of operating and administrative personnel in Bogota and in the field, the "HSEQ Week" was carried out. Ludic and experiential activities were performed, focused on prevention and increase of the level of awareness with respect to care for life. Topics around which activities were performed were: road safety, emergency response, quality, environmental "tips", healthy lifestyles, health promotion, safety based on behavior, among others.

2017 WORK-RELATED ACCIDENT RATE

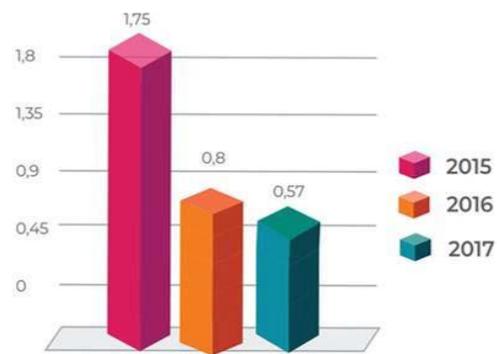
Work-related accident indicators in CANACOL show a downward trend in the last three (3) years. The Company attributes the results to good management in relation to selection and assessment of contractors or strategic allies and to implementation of comprehensive audits with improvement opportunities; to the work carried out in risk management with the support of the COPASST and of all employees; and to the improvement of the Safety and Health at Work Management System.

The Recordable Accident Frequency Rate takes into account medical treatment cases, restricted work cases, lost time cases and fatalities.

In the year 2017, the Sabanas flow line construction project, with a length of 82 km, was carried out, three (3) flow lines and five (5) new locations were built, seven (7) new wells were drilled, six (6) workover operations were performed, and road maintenance works were carried out, with more than 1,500,000 Man-Hours worked, with ZERO fatalities. This thanks to the commitment and support of supervisors and employees, and to the activity in HSEQ performed by CANACOL and its strategic allies.

RECORDABLE ACCIDENT FREQUENCY RATE - EMPLOYEES AND CONTRACTORS

GRI 405-2



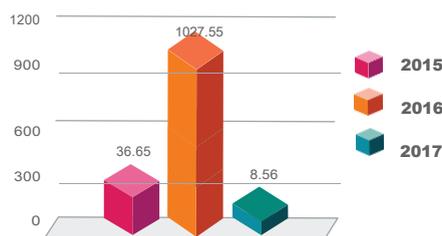
Note: The accident rate indicators were calculated with a constant of 240,000 Man-Hours, in compliance with Resolution 1111 of 2017 of the Colombian Ministry of Labor.

$$\text{Recordable Accident Frequency Rate} = \frac{\sum(\# \text{ recordable accidents}) * 240,000}{\sum \text{man-hours}}$$

IN 2017

MORE THAN 1,500,000 MAN-HOURS WORKED IN CANACOL WERE RECORDED; THERE WERE NO FATALITIES AND THE ACCIDENT FREQUENCY RATE WAS REDUCED WITH RESPECT TO THE YEAR 2016.

SEVERITY INDEX EMPLOYEES AND CONTRACTORS



$$\text{Severity Index} = \frac{\sum(\# \text{ disabling days}) * 240,000}{\sum \text{Man-Hours}}$$

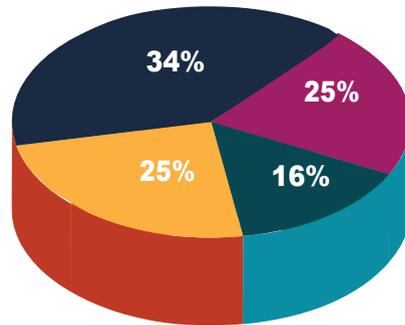
The Severity Index is the relation between the number of days lost or loaded for injuries, arising from work accidents during a year, and the man-hours worked.

IN 2017

IN THE YEAR 2017 THE SEVERITY INDEX CONSIDERABLY DECREASED IN RELATION TO THE YEAR 2016.

MAIN CAUSES OF WORK-RELATED ACCIDENTS 2017

GRI 405-2



-  INCOMPLETE LABOR RISK ANALYSES
-  TOOL AND EQUIPMENT OPERATION
-  LOCATIVE RISKS
-  OTHER

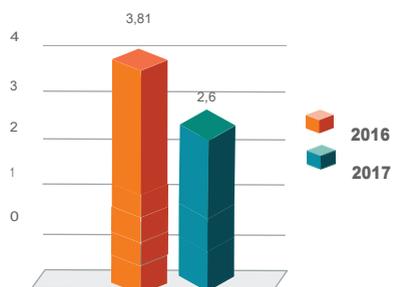




WORK ABSENTEEISM

Work absenteeism is defined as the absence of an employee from his/her job post during work hours, whether justified or unjustified. In CANACOL this indicator is associated with nonoccupational diseases and maternity leaves. In 2017, the incidence of absenteeism was of 2.6 events for each 1,000 employees. Public health activities promoted by the Company are focused on vaccination sessions, as well as campaigns for health and self-care good practices. (GRI403-2)

WORK ABSENTEEISM RATE DIRECT EMPLOYEES



2018 CHALLENGE

- REDUCE THE WORK-RELATED ACCIDENT RATE, CONSIDERING THE FREQUENCY AND SEVERITY INDEX.
- MAINTAIN IN ZERO (0) THE WORK-RELATED DISEASE INDEX.
- MAINTAIN THE OHSAS 18001 CERTIFICATION, SHOWING CANACOL'S COMMITMENT TO APPLICATION OF BEST PRACTICES.



SUSTAINABLE

SUPPLY CHAIN

Becoming the first gas operator in Colombia implies for CANACOL transforming its business vision, being a key player in energy development in the country and setting itself as an example of sustainability in the regions.

GRI 103

CANACOL's supply strategy is based on ensuring an optimal selection process and applying world class practices for procurement of goods and services. With this, the Company not only ensures compliance with business targets, but it also provides value to its stakeholders, generates win-win relations and consolidates a sustainable supply chain.

By means of contractual clauses, audits, due diligence and constant monitoring, CANACOL ensures compliance of its supply chain with basic elements such as hiring of skilled and

and unskilled labor, health and safety at work, Social Security payments, current environmental regulation and best practices, timely payment to subcontractors, promotion and respect of Human Rights and no discrimination, as well as prevention of child labor, forced labor and any form of corruption (GRI408-1)(GRI409-1).

GRI 408-1

Contractors included in the 2017 performance management program represented 42% of the total value contracted by the company during the last 3 years. Such assessment contains social criteria related to impact on acquisition of goods and services, considered with a social perspective that is evaluated for strategic providers whose measurement is critical to take improvement actions in case of identifying that businesses in the areas of influence may be affected.

GRI 414-1





The value chain management focus of CANACOL consists in supporting local businesses so that they may be highly competitive in the market, and they may become strategic allies of the Company to comply with the targets of the business and, in turn, to be a platform for development of the regions and drive for improvement of quality of life of communities in the area of influence of the Company's projects.

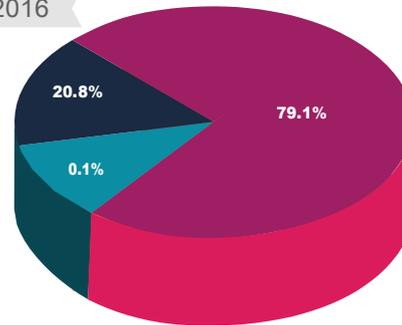
In order to boost participation of providers from the area of influence of CANACOL's operations, in the competitive processes carried out by the Company in 2017 they were provided with the opportunity to register without cost in the Company's single registry of providers, which is managed by the Parservicios firm.

The total value of acquisition of goods and services by CANACOL (from regional, national and international providers) amounted to COP \$ 435.7 thousand million in 2017, that is, 30.18% more than in the year 2016. The participation of regional providers increased to 23.7% of the total. We highlight a 38.64% increase in the value of regional purchases with respect to the immediately prior year.

GRI 204-1

PURCHASE OF GOODS AND SERVICES 2017

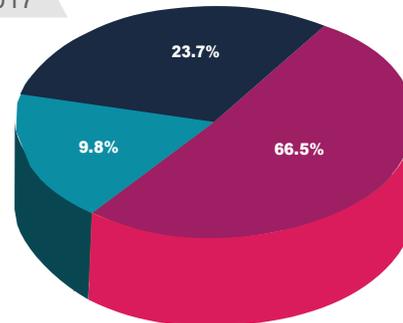
2016



	REGIONAL COP \$ 63,324,393
	NATIONAL COP \$ 240,713,477
	INTERNATIONAL COP \$ 181,892

304,219,762

2017



	REGIONAL COP \$ 103,196,044
	NATIONAL COP \$ 289,678,574
	INTERNATIONAL COP \$ 42,857,627

435,732,245



The participation of national providers decreased to 66.5%. Notwithstanding, the value of such acquisitions represented 16.9% of the total. International purchases are 9.8% of the total and are associated with the acquisition of specialized supplies for the development of CANACOL's hydrocarbon projects.

2018 CHALLENGE

CONTINUE CONSOLIDATING SUPPLY
MANAGEMENT BASED ON STRENGTHENING
REGIONAL BUSINESSES.



EFFECTIVE AND TRANSPARENT RELATIONS

Through a strategy of effective relations, based on Social Responsibility and Sustainability criteria, CANACOL could make viable the construction of the Sabanas flow line, the more important project for the Company in 2017, with an area of influence of 5 municipalities, 54 rural settlements and 8 native councils.



RESPECT FOR DIVERSITY

In the framework of respect for fundamental and constitutional rights of ethnic communities, CANACOL has developed relationship strategies with a differential approach, seeking to improve the quality of life of ethnic peoples impacted with its operation.

In 2017, Prior Consultations with the eight (8) communities impacted with the Sabanas flow line construction and operation project were successfully recorded, made in the municipalities of Chinu (Capirra, el Chorrillo and Becarpigar communities) and Sahagun (Salsipuedes community) in the department of Cordoba; and in the municipalities of Corozal (El Mamon, Las Peñas and Las Tinas communities) and Sampues (Sabana Larga Palito communities) in the department of Sucre.

8 PRIOR CONSULTATIONS
SUCCESSFULLY RECORDED
IN 2017

The Ministry of Interior followed up on the commitments established in the Prior Consultations recorded for the global licenses of CANACOL in 2016. Thanks to such records, signed by the Company, in 2017 two cultural facilities were built, with a total of 635 families benefited, and support was provided to productive projects led by native women, favoring 705 families. In addition, land was acquired to support these Native Councils and 8 cultural events were sponsored.

GRI 411-1

Through its contractor companies, CANACOL provided job opportunities for unskilled labor to 120 members of the ethnic groups.

IN 2017

THERE WERE NO REPORTS OF POSSIBLE CASES OF VIOLATION OF RIGHTS OF NATIVE PEOPLES.

GRI 411-1

PRODUCTIVE PROJECTS WERE DEVELOPED IN ALL NATIVE COUNCILS WITH THE PURPOSE OF PROMOTING FOOD SELF-SUFFICIENCY.



DIALOGUE AND AGREEMENT

GRI 413-1

One of the milestones of CANACOL as to relationship with its stakeholders goes back to the month of October of 2015, when members of the communities in the area of influence of the Esperanza and VIM-5 blocks and the Unión Sindical Obrera [Workers' Trade Union] – USO [for its Spanish initials] presented a list of demands in the framework of the expansion of facilities at the Jobo Station. The Company requested accompaniment of the Colombian State, through the Hydrocarbon Territorial Strategy, HTS, led by the National Hydrocarbon Agency, and, in the framework of the HTS, there was intervention of the Ministry of Labor and the Ministry of the Interior.

This was the start of a company-communities-State tripartite work called “Jobo Agreements”, which has allowed a continuous relationship, based on dialogue and compliance with mutual commitments in social, labor and environmental matters and in goods and services.

In social matters, seven (7) agreements were signed, related to social investment projects, academic training programs, productive projects, university scholarships, communication procedure and engagement of local labor, which are being successfully executed. In addition, a rigorous activity has been carried out before entities at the national, departmental and local levels to implement a project for widespread use of gas in the areas of direct influence of CANACOL's production.

In the labor area, the company signed seventeen (17) agreements, which aim at improvement of labor and salary conditions of employees.

In environmental matters, eight (8) agreements were signed, related to environmental monitorings, communication of environmental management plans, trainings in basic sanitation and solid waste, plans for conservation of fauna and flora and control of the Crazy Ant. Likewise,

the relevant actions were carried out for reforestation processes with the contracting of local enterprises.

With respect to the matter of goods and services, eight (8) agreements were signed, focused on generating more participation of local businesses and business strengthening.

From the month of October of the year 2017, the Company has been promoting bimonthly meetings with the participation of communities and governmental entities of the national and local level. These meetings have become a basic space to jointly verify compliance with agreed commitments, through fluid and transparent dialogue.

Thanks to the “Jobo Agreements”, important bonds of trust have been built with communities of the Esperanza - VIM 21 and VIM 5 blocks, consolidating a joint work scheme, which is reflected in the social, environmental and economic performance of CANACOL informed in this 2017 sustainability report.

IN 2017

SOCIAL VIABILITY WAS ACHIEVED IN ALL EXPLORATION AND PRODUCTION PROJECTS INCLUDED IN CANACOL'S WORK PLAN.



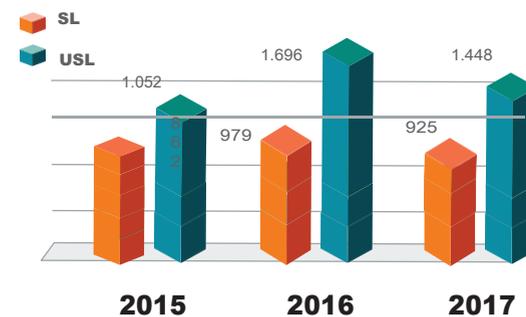
GENERATION OF LOCAL EMPLOYMENT

Generation of local employment is a material issue for stakeholders of CANACOL. The Company seeks to have its activities translate into job opportunities for communities and understands that this is a key factor to improve life conditions of families in the area of influence and to foster regional development in general.

The Public Employment Service, SPE [for its Spanish initials], created by the national government to integrate job opportunities throughout the country, is adopted with rigor by CANACOL in the framework of its operations. In 2017, the Company complied with the regulation that requires local hiring of 100% of the Unskilled Labor, USL, and in its various projects it exceeded the minimum of 30% of the Skilled Labor, SL, required by law. The Company makes an important effort so that the existence of vacancies may be visible and all stages of the internal process may be clear.

In 2017 CANACOL generated in total 1,448 local jobs for unskilled labor (USL) and 925 for skilled labor (SL) in the area of influence of its projects in the departments of Cordoba, Sucre, Cesar and Casanare.

LOCAL HIRING OF SKILLED LABOR (SL) AND UNSKILLED LABOR (USL)



The decrease in local hiring that is reflected between 2016 and 2017, is explained by the lower number of executed projects.

In the framework of the Public Employment Service, in 2017 CANACOL held 87 meetings with the participation of 1,283 people.

2018 CHALLENGE

PROMOTE THE DISSEMINATION OF DECREE 1668 OF OCTOBER OF 2016, REGARDING THE PUBLIC EMPLOYMENT SERVICE.



SOCIAL INVESTMENT

GRI 103

CANACOL ensures its sustainability in the social setting of its projects, always seeking a climate of coexistence and harmony with communities of the area of influence of its operations. This has been explicitly stated by the Company in the Corporate Social Responsibility and Prior Consultation Addendum of the year 2017, which must be adopted by all its contractors and subcontractors.

The Company understands the need to have a relationship strategy with its stakeholders, not only allowing compliance with business goals, but also leading to contribute to sustainable development.

Interventions of CANACOL and of its contractors in the national territory are guided by the following principles:





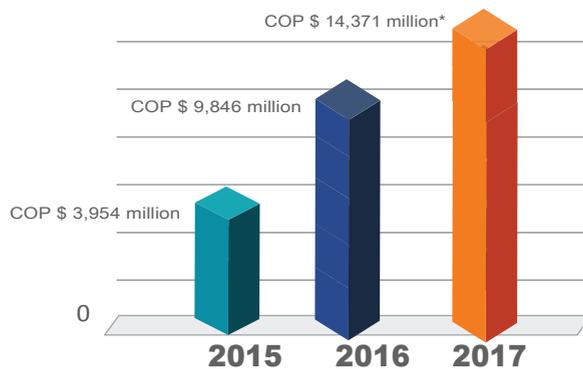
GRI 203-1

GRI 103

The social investment that CANACOL makes has the purpose of improving the quality of life of communities in the area of influence of its operations and is defined through prioritization and agreement with the communities in spaces of participation and dialogue. The Company promotes self-management of the population and aims at sustainable and high-impact projects. Alliances with local authorities have been basic in achieving this purpose; the Company organizes the projects with the Municipal Development Plans.

CANACOL'S SOCIAL INVESTMENT AMOUNTED TO **COP\$14,371** MILLION IN 2017.

SOCIAL INVESTMENT



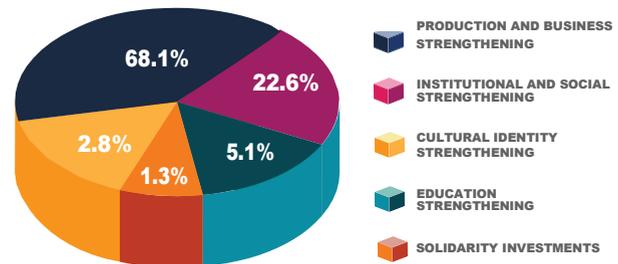
*This amount includes the social investment made in native communities in the framework of the Prior Consultations made by CANACOL. It does not include the logistic costs for the execution of social projects, which are reflected in the Investment in Communities item, informed in this sustainability report under the heading of Economic Performance.

2018 CHALLENGE

STRENGTHEN THE EXECUTION OF HIGH-IMPACT COMMON BENEFIT PROJECTS.

ORGANIZE PRODUCTIVE PROJECTS WITH THE GOVERNMENT AND STRENGTHEN FOLLOW-UP AND TECHNICAL ASSISTANCE ACTIVITIES.

The Company has defined five (5) lines of social investment: Institutional and Social Strengthening, Education Strengthening, Cultural Identity Strengthening, Production and Business Strengthening, and Solidarity Investments. In 2017, 105 social investment projects in total were executed in the communities of the area of intervention in the various blocks operated by CANACOL.



The highest investment was made in the Production and Business Strengthening line, and this was reflected in the execution of projects such as the establishment of livestock units to benefit 59 families, and the implementation of 18 two-family units for food security, with a positive impact on 180 people. Two poultry and fish production projects were also executed for 44 families, as well as another one aimed at genetic improvement of heifers; all of them in the departments of Sucre and Cordoba. Likewise, CANACOL contributed with delivery of materials for the improvement of prairies and construction of stables in the department of Casanare.



GRI 203-1

With its Institutional and Social Strengthening line, CANACOL continued supporting the construction and improvement of community infrastructure. In 2017 it contributed with the construction of deep wells, school premises and community halls, housing improvement, adaptation of parks and sport spaces, as well as with delivery of water storage tanks and materials for improvement of rural settlement aqueducts, among others.

For the strengthening of education, the Company supported projects such as improvement of infrastructure conditions of two schools in the municipality of Sahagun (Cordoba) and of one more in the municipality of San Marcos (Sucre). The Company built and furnished the physics laboratory of the Boca Negra educational institution and contributed to the construction of a school restaurant in the municipality of La Union, department of Sucre.

In Casanare, CANACOL promoted, along with the Governor's Office, the Mayors' Offices of the San Luis de Palenque and Yopal municipalities, and the communities of the area of influence of the Llanos 23 block, an 80-hour Diploma course for employees of the Governor's Office, of the Mayors' Offices, and community and social leaders of five (5) rural settlements. The participants were trained in Public Administration, Community Development Planning and in Social Projects. The Company also supported the carrying out of a leadership and citizen participation diploma course in the VIM-5 and Esperanza blocks, which was attended by students of 14 rural settlements.

Likewise, the Company supported a cultural strengthening program for five communities neighboring the Llanos 23 block, in the department of Casanare, and delivered wind and string musical instruments to the music school of the Platero rural settlement in the municipality of Caimito (Sucre). It also made the enclosure of the Loma de Corredor cemetery in the municipality of Aguachica, department of Cesar, which was deteriorated because of the entry of animals and floods caused by heavy rains.

These were some of the projects executed by CANACOL in 2017, with the clear purpose of favorably impacting on the quality of life of population in the area of influence of its blocks.



2017 SUCCESSFUL CASES

SANTO DOMINGO VIDAL

COMMUNITY

**RECONSTRUCTION OF THE ZENU
IDENTITY WITH FOOD SECURITY**

The Santo Domingo Vidal native community, of the Zenu ethnic group, lives in eight rural settlements of the municipality of San Marcos, department of Sucre, area of direct influence of the Esperanza block, operated by CANACOL. Their presence was recognized in 1999 by the then Colombian Institute for Agrarian Reform, INCORA [for its Spanish initials].

Upon arriving at the territory with the purpose of developing the “Area of Interest named H, hydrocarbon exploration and exploitation contract, La Esperanza sector” project, the Company approached the leaders of the native people and carried out information and participation processes, following the Company’s Social Responsibility and Prior Consultation Policy, the provisions of the Political Constitution of Colombia, the national regulation and the ILO Convention 169 of 1989, for the safeguard of the cultural and material integrity of ethnic groups.

PRIOR CONSULTATION

All the stages of the Prior Consultation were followed and, with the leadership of families, there was an identification of socioenvironmental impacts and management measures. In this process, a base line was built, which was of great relevance for the members of the community, because they could bring to the present events from the past that marked their existence, and they could assess the state of their natural resources, which are the source of subsistence of their homes. Likewise, it became a key instrument to identify opportunities aimed at improvement of their socioeconomic conditions.

In the framework of the Prior Consultation, there were meetings, workshops, assemblies and strengthening activities to empower the community so that it could be the one providing logistic services. Training sessions in traditional

autonomy, own rights and native legislation were also given.

For the information collection process, there were interviews and tours, and the material was organized by means of a form built with the community. This is how it was possible to determine the CENSUS and relevant aspects of their life conditions, such as characteristics of homes, work, academic level, income, among others.

During the Prior Consultation process, productive initiatives were supported, such as location of six (6) fish ponds in the rural settlements of La Quebrada, La Balsa, Santo Domingo and Cucharito, and delivery of poultry breeding stock to 122 families of the Caño Prieto, Santo Domingo, Cuenca and Las Parcelas de Ginebra rural settlements. To recover traditional crafts, a training workshop in wild cane weaving and designs was carried out.



COMPLYING WITH AGREEMENTS

With the record of the Consultation, several agreements were established, all of them aimed at cultural identity strengthening and improvement of life conditions. However, what has been more interesting in this process has been the active participation of the Santo Domingo Vidal native community; its members assumed leadership and showed great capacity to manage their own development.

Today a great part of these commitments and the results bring benefits to the population. With the acquisition of around 200 hectares, the families began to establish traditional crops to ensure food sovereignty. Likewise, they started to raise minor species and cattle. They have also built houses in this territory.

The preparation of the Life Plan has allowed the native community to recognize and prioritize problems and needs and direct investments in an appropriate manner. Likewise, the preparation of an Intercultural Relationship Manual has been useful to disseminate the knowledge of the Zenu culture.

Through the production projects that were executed, crop areas were increased up to around 50 hectares. Thanks to this, today 50% of the families has reserves of food such as rice, corn and yam. Raw cane sugar production and fish farming have been consolidating by means of the appropriate use of the water resource of the region. Likewise, an environmental recovery and management project was developed, based on the extensive knowledge the community has of the tropical dry forest plant diversity. Today the community preserves around 12 hectares.

Education was also prioritized and, through educational funds, around 50 members of the Zenu people have benefited, and are studying technical and professional degree programs.

Definitely, this has been a process full of learning, very motivating for CANACOL. An incentive to continue working jointly with communities, recognizing the great knowledge of the population and their capacity to achieve their goals.



SUSTAINABLE PRODUCTION PROJECTS

One of the basic targets of CANACOL is to contribute to the prosperity of production initiatives of the community and, as a result, the improvement of life conditions for families living in the area of influence of its operations. In 2017, the Company could clearly comply with this purpose in the Esperanza block, located in the department of Cordoba.

ASSOCIATIVITY FOR DEVELOPMENT

In August of 2016, forty-three members of La Victoria settlement of El Crucero town, located in the municipality of Sahagun (Cordoba), formed the Association of Producers of La Victoria, ASOPROVICTORIA. Its purpose is "the improvement of quality of life conditions for its members and the community in general, as well as preservation of the environment and sustainable management of natural resources."

The founders of ASOPROVICTORIA are in general country people who derive their income from wages as farmers and from informal economic activities; they hardly get to earn COP \$500,000 a month. The Association leased with its own resources a 12-hectare lot for a period of three years and four months. There it grew three types of corn (creole, carriaco and cajero) with the purpose of

preparing the land for a future sowing of yam which, according to its expectations, is the one that will allow it to be sustainable in the long term.

ASOPROVICTORIA was one of the beneficiaries of the Production Project Program executed by CANACOL in 2017, in the framework of its operations in the Esperanza block.

SUPPORT OF CANACOL TO LOCAL BUSINESSES

For the implementation of the program, the Company engaged a consulting firm. In the first meetings that were held, a diagnosis was made to assess the organizational level of the Association, the cohesion, stability and permanence of its members and their capacity to work as a team, as well as compliance with legal, social and economic obligations, administrative structure and operating capacity, among other things. Demand, supply and trading conditions (market plan) of the products that the Association offers were also analyzed. All this with the purpose of identifying gaps and improvement opportunities, because such are key factors taken into account by the Company to ensure success of projects with Associations.

Once the foregoing process was completed, CANACOL delivered to ASOPROVICTORIA seeds, fertilizers, herbicides, insecticides, tools, materials

and, through the consulting firm, provided technical assistance in each one of the stages of the industrial yucca production project (12 hectares). Follow-up and assessment activities were carried out during sowing, harvest, yield and post-harvest of crops. Finally, the members of the Association were trained and supported to ensure the yucca trading process.

Thanks to this project promoted by CANACOL and to the decided commitment of the community of El Crucero town, 31 of the 43 members of ASOPROVICTORIA are improving their income and the quality of life of their families.



BIOHEALTHY

PLAYGROUND



In 2017 the voluntary social investment of CANACOL had a favorable impact on children of the Rincon de las Flores rural settlement, located in the municipality of Corozal (Sucre).

Thanks to the alliance between the Company and the municipal Mayor's Office, a biohealthy playground was built, which today benefits 230 families and more than 100 children in the region, because it is also used by other neighboring communities and schools. The project was carried out with economic resources associated with CANACOL'S Sabanas flow line construction and operation.

The Mayor's Office contributed the land for the installation of the park and the Company delivered the equipment previously agreed with the communities. The need to provide children with a space for healthy fun and recreation was prioritized by the communities during the Voluntary Social Investment workshop promoted by CANACOL in the month of July of 2017.

Playgrounds foster physical and emotional development in children and contribute to generate comradeship and social tissue; because of this, CANACOL earmarks its investment to this type of initiatives.



ENTRETEJIENDO FOUNDATION

HIGH IMPACT VOLUNTARY SOCIAL INVESTMENT



One of the more important bets of CANACOL in 2017 was related to the decision to create the Fundación Entretejiendo [Interweaving Foundation], driven by its interest to improve the quality of life of dwellers in the Company's area of influence. Although the purpose is for it to be independent from the Company, a comprehensive agenda of voluntary social investment projects is managed.

The Foundation will work in a coordinated manner with the social and environmental management areas of the Company, to complement and strengthen its relationship with stakeholders in direct or indirect areas of influence.

The basic purpose is to generate sustainable development projects in the regions with a shared value approach and to leverage

additional resources, different from those of CANACOL, to achieve a multiplying effect, increasing impact and the number of beneficiaries in each project undertaken by the Company. The activity of the Entretejiendo Foundation abides by the highest international standards and best practices.

During 2017, a diagnosis process was developed to make strategic decisions with respect to the guidance of the Entretejiendo Foundation, and the structuring process was carried out.

Five strategic axes were defined, which shall guide the work of the nonprofit organization; respect for human rights and the differential approach are transversal to all action fronts:



Entretejiendo Foundation strategic axes

1. HUMAN DEVELOPMENT

- Academic improvement
- Emotional education
- Preparation for work
- Promotion of culture and sports
- Support to local services
- Construction of leadership, teamwork and solidarity

2. SUSTAINABLE GROWTH

- Activities supporting the formulation and development of production projects.
- Implementation of associative and cooperative projects and inclusive businesses
- Promotion of initiatives for generation of revenues and entrepreneurship.
- Accompany entrepreneur formalization processes. Collaborate with market access systems.

3. INSTITUTIONAL STRENGTHENING

- Empowerment of the ones with leadership position in the communities.
- Facilitate tools associated with community participation and social control mechanisms.
- Training and accompaniment to communities in planning and structuring of projects financed with royalties and in preparation of local and community development plans.
- Create dispute resolution systems.
- Drive initiatives to strengthen the culture of legality in the territory.

4. ENVIRONMENT

- Support the protection and preservation of and respect for the environment. Strengthen knowledge and preventive management.
- Facilitate innovative initiatives promoting the responsible use and exploitation of natural resources.

5. SOCIAL INNOVATION OBSERVATORY

- Manage knowledge and research through a Center for Thinking and Social Innovation.



2018 CHALLENGE

REGIONAL AND NATIONAL LAUNCH OF THE ENTRETEJIENDO FOUNDATION TO SHOW ITS FIRST RESULTS AND POSITION IT AMONG THE STAKEHOLDERS.

CONTINUE STRUCTURING AND EXECUTING HIGH-IMPACT PROJECTS IN THE VARIOUS STRATEGIC AXES OF THE FOUNDATION, THROUGH STRATEGIC ALLIANCES AND LEVERAGE OF ADDITIONAL EXTERNAL RESOURCES.

CREATE THE SOCIAL INNOVATION LABORATORY.

In the first half of 2018, the Entretejiendo Foundation will start to execute several projects in the area of influence of CANACOL, such as:

PISOTÓN [STOMP] PROGRAM: Diploma course in psychoaffective development and emotional education to educators, operated and certified by the Universidad del Norte [Northern University].

VIVA LA VOZ JOVEN [CHEERS TO THE YOUNG VOICE] PROGRAM: Intended to create community leadership among young people, operated by the Cedesocial Foundation,

accompanied and certified by the International Leadership Institute.

“MI BICI” [“MY BIKE”] PROJECT: Aimed at reducing school desertion, students are given bicycles suitable for the terrain they must cross to get to their schools.

HEALTHCARE BRIGADES: In alliance with the Colombian Air Patrol, two brigades (medical and surgical) will be carried out for communities that can hardly access quality healthcare services.



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