# Canacol Energy Ltd. Announces Calendar 2015 Capital Program and Production Guidance

**CALGARY, ALBERTA – (May 4, 2015)** – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce its calendar 2015 capital program and production guidance. The Corporation plans to spend net exploration & development capex of US$ 84 million in calendar 2015 on drilling, workovers, seismic, and facilities in Colombia and Ecuador, and anticipates net average production before royalties of between 10,000 and 12,000 barrels of oil equivalent per day ("boepd"). Included therein, 65 million standard cubic feet per day ("MMcfpd") (11,404 boepd) of new gas sales are anticipated to come on stream in December 2015. Calendar 2015 expected net average production consists of approximately 60% combined natural gas from Colombia and tariff oil from Ecuador, whereby natural gas is subject to various long-term sales contracts ranging from contracts based on the Guajira price index, currently set at US$5.08/Million British Thermal Units ("MMbtu") (US$28.96/boe), and new contracts expected to commence in December 2015 with fixed prices ranging from US$5.40 to US$8.00/MMbtu (US$30.78 to US$45.60/boe) and subject to future price escalations, while tariff oil is subject to a fixed price tariff contract. The remaining 40% of production is expected from crude oil that is subject to benchmark oil prices. Over 2015, the Corporation anticipates a significant and increasing portion of its production will benefit from pricing arrangements that are insensitive to world oil prices; specifically from a calendar 2015 average of 60% to a calendar 2015 exit of 85%. Production guidance above excludes any production from future exploration activities.

Charle Gamba, President and CEO of Canacol, stated: "In light of continued weakness and uncertainty in benchmark crude oil prices, we are focused on calendar 2015 production activities related to 1) drilling and facilities expansion on the Corporation's significant gas assets in the Lower Magdalena Basin which are anticipated to bring total gas production up to 83 MMcfpd (14,561 boepd) from the current 20 MMcfpd (3,509 boepd) by December 2015; 2) workovers of existing wells targeting high netback light oil from its LLA-23 contract; and 3) drilling and workover activities on tariff oil production operations in Ecuador where the netback is fixed at US$38.54/bbl. We expect significant production growth towards the end of 2015 and into 2016 based on the success of our natural gas assets and we intend to remain prudent with capital spending across our portfolio such that we maintain sufficient balance sheet strength. We expect 2015 to be a volatile year for oil prices and we have flexibility to change our capital program as circumstances warrant. Nevertheless, we see excellent opportunities to grow our business into 2016 on the strength of our diverse asset portfolio, including our recent acquisition of the natural gas focused VIM-5 and VIM-19 blocks and the related Clarinete-1 gas discovery."

Capital expenditure activities are expected to primarily consist of exploration, development and infrastructure spending on the Esperanza and VIM-5 gas blocks, including the drilling of two additional wells, Clarinete 2 and Oboe 1, into the recent Clarinete gas discovery; optimization and infrastructure spending and seismic acquisition on the LLA-23 light oil block with a focus on continued cost reductions and firming up future exploration leads; tariff oil production operations in Ecuador; and the drilling of one shallow oil development well on the VMM-2 block. Other than the drilling activities at Clarinete and in Ecuador, no oil exploration drilling is currently planned for calendar 2015, and no material capital expenditures are currently planned on other blocks.

The Corporation is engaged in negotiations with two major pipeline construction and operation companies concerning the construction of a major new gas pipeline which will transport up to 180 MMcfpd of new gas volumes from the Corporation's gas assets located in the Lower Magdalena Basin to the Atlantic coastal port of Cartagena. A new pipeline will allow for commercialization of both existing reserves and resources from the Clarinete gas discovery (140 billion cubic feet of 2P reserves and 240 billion cubic feet of prospective resources) as well as any new reserves from future discoveries made on the VIM-5, VIM-19, VIM-21, and Esperanza blocks. The Corporation will provide additional details concerning this important pipeline project as they become available.

Funding for the calendar 2015 capital program is expected to come from operating cash flows, cash balances and existing debt facilities. The Corporation used a price deck of US$60/barrel WTI in developing its calendar 2015 capital program and production guidance. Given the relative volatility of world oil prices at the present time, the Corporation will closely monitor changes thereto and has flexibility to adjust its capital spending accordingly. As a result, the Corporation may make changes to its 2015 capital program as circumstances warrant, which could include re-activating its low risk light oil exploration and development drilling programs on the LLA-23 block, where the Corporation has identified a significant number of drilling opportunities based on the results of the recently acquired 3D seismic survey.

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Canacol is an exploration and production company with operations focused in Colombia and Ecuador. The Corporation's common stock trades on the Toronto Stock Exchange, the OTCQX in the United States of America, and the Colombia Stock Exchange under ticker symbols CNE, CNNEF, and CNEC, respectively.



*Boe Conversion – The term "boe" is used in this news release. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet of natural gas to barrels oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this news release, we have expressed boe using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Ministry of Mines and Energy of Colombia.*

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