

Canacol Energy Ltd. Starts Production and Sale of LNG

CALGARY, ALBERTA - (November 25, 2019) - Canacol Energy Ltd. (“Canacol” or the “Corporation”) (TSX: CNE; OTCQX: CNNEF; BVC:CNEC) is pleased to announce that it has commenced the production and sale of liquified natural gas (“LNG”), the first such operation in Colombia. The Corporation is also in negotiation with Galileo Technologies (“Galileo”) to form a joint venture which will install terminals at other locations in Colombia and supply end user solutions with the objective to replace diesel, fuel oil, compressed natural gas, propane and other fuels with LNG. LNG is a cleaner, cheaper, and safer solution that combines both lower cost with lower emissions of pollutants.

Charle Gamba, President and CEO of the Corporation, commented: “Given the limited capacity of the gas pipeline infrastructure in Colombia, industrial, commercial, and residential consumers not located along existing pipeline routes currently use 145 MMscfpd of compressed natural gas and propane that is transported long distances via truck as an energy source. LNG can replace diesel, fuel oil, compressed gas, propane, and other fuels at a considerable reduction in price given the relatively lower cost of natural gas and the large volume of liquified gas that can be transported by truck. Compressed natural gas for example costs three times more to transport than LNG, resulting in the potential for significant cost savings for consumers who switch to LNG. With our joint venture partners Galileo providing the technology, our objective is to build other liquefaction terminals at other strategic sites in Colombia with the goal of replacing the use of diesel, fuel oil, compressed natural gas, propane, and other fuels with LNG at both lower cost to consumers and lower emission of pollutants.”

During the course of 2019 the Corporation installed four natural gas liquefaction modules purchased from Galileo at its main gas processing facility located at Jobo. The modules are capable of converting 2.4 million standard cubic feet per day (“MMscfpd”) of gas into 29,000 gallons of LNG. This LNG is being sold to a third party at the plant gate for distribution via trucks to their clients in Antioquia and Santander as far as 800 kilometers from Jobo.

65 MMscfpd of compressed natural gas and 80 MMscfpd of propane are currently consumed in Colombia, with a significant amount of the propane being imported from the United States. The objective of the joint venture with Galileo is to install terminals in other parts of Colombia close to gas pipelines where Canacol can physically ship or swap its gas to be liquified, with the goal of replacing diesel, fuel oil, compressed natural gas, propane, and other fuels with lower cost and lower emission LNG.

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

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, including without limitation statements relating to estimated production rates from the Corporation's properties and intended work programs and associated timelines. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

Data obtained from the initial testing results at the well identified in this press release, should be considered to be preliminary until a further and detailed analysis or interpretation has been done on such data. The well test results obtained and disclosed in this press release are not necessarily indicative of long-term performance or of ultimate recovery. The reader is cautioned not to unduly rely on such results as such results may not be indicative of future performance of the well or of expected production results for the Corporation in the future.

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