

Canacol Energy Ltd. Tests an Absolute Open Flow Rate of 168 MMSCFPD at Pandereta-3 and Provides Operational Update

CALGARY, ALBERTA - (February 22, 2018) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the results of the Pandereta 3 appraisal well located on its 100% operated VIM 5 block in the Lower Magdalena Valley Basin of Colombia. The Pandereta 3 well flowed at an absolute open flow ("AOF") rate of 168 million standard cubic feet per day ("MMscfpd") from the upper part of the Cienaga de Oro ("CDO") sandstone reservoir. Pandereta 3 encountered 103 feet true vertical depth ("ft tvd") of net gas pay within the CDO, confirming a significant new gas discovery on the VIM 5 block. The Corporation also provides an update of its 2018 gas drilling program, and completion of the Sabanas gas flowline project.

Pandereta 3 Gas Appraisal Well VIM 5 Exploration and Production Contract CNE Oil and Gas S.A.S, 100% Operated Working Interest

The Pandereta 3 appraisal well is located approximately 1 kilometer ("km") to the northeast of the bottom hole location of the Pandereta 1 exploration well. As previously disclosed, the Pandereta 1 and 2 wells encountered 64 and 130 ft tvd respectively of net pay and tested 29 and 51 MMscfpd of gas respectively from the CDO sandstone reservoir.

Using the Pioneer 302 drilling rig, Pandereta-3 was spud on January 12, 2018, and reached a total depth of 9,534 feet measured depth ("ft md") in 13 days. The well encountered 103 ft tvd of net gas pay with average porosity of 24% within the CDO sandstone reservoir target. Three separate production tests were performed in the CDO sandstone reservoir.

The upper part of the CDO was perforated between 8,370 to 8,447 ft md and flowed at a final stable rate of 43 MMscfpd at a 90/64 inch choke and a flowing tubing head pressure of 1,008 pounds per square inch ("psi") over a test period of 41 hours. Based upon this result, management has calculated an absolute open flow rate of 168 MMscfpd for the upper CDO reservoir in the Pandereta 3 well. The AOF potential is the rate at which the well would produce against an atmospheric sand face back pressure and is used as a measure of gas well performance because it quantifies the ability of a reservoir to deliver gas to the wellbore and to the surface.

The middle part of the CDO was perforated between 8,860 – 8,905 ft md and flowed at a final stable rate of 21 MMscfpd at a 1 inch choke and a flowing tubing head pressure of 1,307 psi over a test period of 30 hours. The lower part of the CDO was perforated between 8,942 – 8,965 ft md and flowed at a final stable rate of 15 MMscfpd at a 1 inch choke and a flowing tubing head pressure of 1,061 psi over a test period of 36 hours. The Corporation is currently planning to tie the Pandereta discovery into its operated gas processing facility located at Jobo by mid-year 2018.

Gaiteros 1 Gas Exploration Well

The Gaiteros 1 exploration well is located approximately 2 kms to the north of the Pandereta gas discovery. The Gaiteros well was targeting sandstones of the CDO in a large 3 way fault closed structure. The well was spud on January 15, 2018, and reached a total depth of 9,357 ft md on January 29, 2018, and encountered 397 ft tvd of net porous sandstone reservoir within the primary CDO target with average porosity of 20% but no commercial gas pay. The well has been plugged and abandoned.

Chirimia 1 Gas Appraisal Well VIM 5 Exploration and Production Contract CNE Oil and Gas S.A.S, 100% Operated Working Interest

The Pioneer 302 drilling rig is currently mobilizing to drill the Chirimia 1 appraisal well located on its 100% operated VIM 5 block. The Chirimia 1 well will appraise the northeastern part of the Clarinete gas field

discovered by the Corporation in 2014. Chirimia 1 is targeting target gas filled sandstones of the CDO reservoir that are productive in the offsetting Clarinete 1, 2ST, 3 and Oboe 1 wells, and will take approximately 4 weeks to drill, complete and test.

Upon the completion and testing of the Chirimia 1 well, the drilling rig will be mobilized to drill the Brevia 1 gas exploration well located on the VIM 21 block, where the Corporation also has a 100% operated working interest.

Sabanas Flowline Update and Current Gas Production

Installation of the second compression station at La Union was completed on February 15, 2018, with the Sabanas flowline now fully operational and transporting 40 MMscfpd as of February 21, 2018.

Canacol has collected all US\$ 30.5 million of investment from the group of private investors relating to the Sabanas flowline, as previously announced.

The Corporation will provide regular updates as they become available.

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

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

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