
Canacol Energy Ltd. Tests 26 MMSCFPD (4,561 BOEPD) from First of Three Planned Flow Tests at Oboe 1 and Current Gas Sales of 51 MMSCFPD in Colombia

CALGARY, ALBERTA - (February 24, 2016) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that Oboe 1, an appraisal well drilled in its Clarinete gas field on the VIM 5 Exploration and Production ("E&P") Contract, has tested at a maximum rate of 26 million standard cubic feet per day ("MMscfpd") (4,561 barrels of oil equivalent "boepd") of dry gas with no water from the Cienaga de Oro ("CDO") reservoir. This flow test is the first of three separate tests planned on three separate gas bearing reservoir intervals within the CDO reservoir encountered in the Oboe 1 well. Canacol, through its wholly owned subsidiary CNE Oil & Gas S.A.S., holds a 100% operated interest in the VIM 5 E&P contract.

Gas Sales

Realized contractual gas sales currently total approximately 51 MMscfpd with the Promigas S.A. ("Promigas") pipeline expansion on schedule to ramp Canacol's gas sales and production up to 90 MMscfpd by March 31, 2016. Realized contractual gas sales for the months of November 2015, December 2015 and January 2016 were 18.4 MMscfpd, 25.5 MMscfpd and 30.0 MMscfpd respectively, reflecting the additional sales related to the Promigas pipeline expansion. Realized gas sales netbacks for the months of December 2015 and January 2016 were US\$ 25.61 / barrel of oil equivalent ("boe") and US\$ 26.83/boe respectively. Based on the latest Promigas pipeline expansion schedule, Canacol estimates that gas sales will average approximately 80 MMscfpd (14,035 boepd) for calendar 2016 (including approximately 90 MMscfpd for the last three quarters of calendar 2016) at an anticipated average realized price of US\$ 5.60 / thousand standard cubic feet ("mscf") (US\$ 31.92/ boe), with an average netback of approximately US\$ 4.56/mcf (US\$ 26.00/boe), generating approximately US\$ 163 million of gross revenues. The Corporation's capital expenditure budget for calendar 2016 is anticipated to be approximately US\$ 52 million excluding capital lease payments relating to the Jobo-gas processing plant, which a subsidiary of Promigas will operate.

Oboe 1 Test Results

The Oboe 1 well was spud on January 19, 2016 and reached a total depth of 9,750 feet measured depth ("ft md") on February 7, 2016. Oboe 1 encountered 158 feet of net gas pay with average porosity of 23% within multiple stacked sandstone reservoirs in the primary Tertiary-aged Cienaga de Oro target, representing the thickest gas pay encountered in the Cienaga de Oro in the Clarinete discovery thus far.

The CDO sandstone reservoir was perforated between 8,170 and 8,212 ft md within the first interval to be tested. Flow testing of this interval achieved a final rate of 26 MMscfpd (4,561 boepd) of dry gas using a 46 / 64 inch choke with a tubing head pressure of 2,135 pounds per square inch with no water at the end of a 60 hour flow test period. The final flow rate was registered at the absolute measurement limit of the testing equipment. The first test interval is currently shut in for a pressure build up that is expected to conclude in 3 days.

Three separate reservoir intervals are planned to be tested: the interval between 8,116 and 8,683 ft md (the subject of this reported flow test), the interval between 7,309 and 8,106 ft md (the subject of the second planned flow test), and the interval between 6,556 and 7,270 ft md, (the subject of the third planned flow test).

Upon the conclusion of the pressure build up of the first test interval, a removable plug will be placed above the tested interval, and Canacol will execute flow testing of the second interval. The Corporation anticipates providing the flow test results of the second interval within one week.

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 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, including millions of standard cubic feet per day of gas or barrels of oil equivalent produced and levels of water-cut, 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.

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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