



Canacol Energy Ltd. Announces Final Release of Funds for the Strategic Investment from Cavengas Holdings S.R.L. and New Directors

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CALGARY, ALBERTA (October 16, 2015) – Further to its news release of September 3, 2015, Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that the release condition for the final Cavengas Holdings S.R.L. ("Cavengas") subscription has been satisfied and the 17,590,000 subscription receipts of Canacol (a "Subscription Receipt") issued at C\$2.50 per Subscription Receipt will be immediately converted into 17,590,000 common shares of the Corporation ("Common Shares"). In connection with the conversion of the Subscription Receipts to Common Shares, funds in the amount of C\$43,975,000 will be released to Canacol by the subscription receipt agent.

Charle Gamba, President and CEO of Canacol, commented "We are very pleased to have Mr. Cisneros and Mr. Sosa join the board of Canacol. Both are consummate businessmen whom will broaden the depth of the board of directors, and leverage their extensive relationships in South America to bring new projects to the Corporation's portfolio."

Cavengas has made a strategic equity investment (the "**Investment**") of a total of C\$78,975,000 (the "**Investment Amount**") in Canacol, and Cavengas will now hold a 19.9% ownership stake in the Corporation on a non-diluted basis.

Under the terms of the investment agreement entered into as between Canacol and Cavengas, Cavengas has the right to appoint two (2) nominees to the board of directors of the Corporation (the "**Director Nominees**") subject to maintaining certain ownership thresholds. The following two individuals will be appointed to the board of directors of the Corporation as the Director Nominees:

Oswaldo Cisneros

Mr. Cisneros is the principal of Cavengas and currently serves as the President of Corporación Digitel, a telecom company, Maritime Contractors de Venezuela, an oil drilling services company, Fabrica Nacional de Vidrios, a glass bottle manufacturer, and Central Azucarero Portuguesa, a sugar mill factory. Previously, Mr. Cisneros served as the President of Pepsi Cola Venezuela and of Telcel Celular, C.A., a partner of Bellsouth International. He currently serves as a director of Harvest Natural Resources Inc., an NYSE-listed energy company engaged in the acquisition, development, production and disposition of oil and natural gas properties.

Alberto Jose Sosa Schlageter

Mr. Sosa Schlageter is currently the Chief Executive Officer of Corporación Digitel, a telecom company, and serves as the chairman of Ceramica Carabobo, a manufacturing company operating in Venezuela. He also serves as a director of CAPCA, a sugary refinery and of Fabrica Nacional de Vidrios, a glass bottle manufacturer. Mr. Sosa Schlageter received a degree in Business Administration in 1983

from Ohio Wesleyan University in Ohio, USA and received an MBA from the University of Denver in Colorado, USA.

The Common Shares issued in connection with the Investment are subject to a four-month hold period until January 3, 2016. On September 30, 2015, Canacol pre-paid US\$20 million on its BNP Paribas led senior secured term loan, being approximately one-third (1/3) of the proceeds from the Investment Amount. The remaining two-thirds (2/3) of the proceeds will be used for the Corporation's capital program and general corporate purposes.

The Corporation engaged Horizon Capital Management Inc. as the exclusive advisor for this transaction.

About Canacol

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

About Cavengas

Cavengas Holdings S.R.L is a Barbados-based private investment company with a focus on the energy and mining industries. Prior to the Investment, Cavengas did not beneficially own or control any securities of the Corporation.

Cavengas acquired the Common Shares for investment purposes, and Cavengas may acquire ownership or control over further securities of the Corporation in the future depending upon market circumstances. Such increase in ownership will depend on numerous conditions, including the price of the Common Shares and general market conditions.

Cautionary Statement

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 the Conversion. In making the forward-looking statements in this release, the Corporation has applied certain factors and assumptions that are based on the Corporation's current beliefs as well as assumptions made by and information currently available to the Corporation. Although the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Such risk factors include, among others, those matters identified in its continuous disclosure filings, including its most recently filed MD&A. Readers are cautioned not to place undue reliance on forward-looking statements. The Corporation does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an available exemption from the registration requirements thereof. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

For further information please contact:

Investor Relations

+1 888-352-0555

Email: IR@canacolenergy.com

<http://www.canacolenergy.com>