Canacol Energy Ltd. Provides Production and Operations Update: Current February Gas Sales 45 MMSCFPD

CALGARY, ALBERTA - (February 16, 2016) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update concerning its gas sales, drilling operations, gas processing facilities expansion and calendar 2016 guidance.

Gas Sales

Gas sales currently total 45 million standard cubic feet per day ("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.

Oboe 1 Well Results

The Oboe 1 well was spud on January 19, 2016 and reached a total depth of 9,750 feet measured depth on February 7, 2016. Operations were delayed due to a mechanical failure associated with the drilling rig contracted from the previous drilling contractor, necessitating the need for the Corporation to contract and mobilize a different drilling rig from a different drilling contractor to the location.

The Oboe 1 well 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 Corporation is currently casing the well and mobilizing testing equipment to the location to commence production testing of various gas bearing sandstone intervals within the Cienaga de Oro.

Jobo Gas Processing Facility Expansion

The gas processing facilities at the Canacol operated Jobo station were expanded from 25 MMscfpd capacity to 60 MMscfpd capacity in December 2015. Additional expansion work on the second train was completed in January 2016, bringing processing capacity to 85 MMscfpd. Upon completion of the final expansion in March 2016, gas processing capacity at Jobo will exceed 185 MMscfpd.

BNP Paribas Credit Facility

Canacol is pleased to report that prior to December 31, 2015, the Corporation was able to amend a primary covenant in its BNP Paribas led, syndicated Senior Secured Term Loan, such that its Consolidated Leverage Ratio (being its consolidated total debt divided by its consolidated EBITDAX on a trailing 12 month basis) has been increased from 3.5 to 4.0 for the period ended December 31, 2015. Canacol expects to be well within this amended covenant ratio when it reports its year-end financial statements and related documents, prior to March 30, 2016. The Corporation wishes to thank BNP Paribas and the other syndicate banks for their continued support as we head towards our full gas pipeline allotment anticipated by March 31, 2016.

Calendar 2016 Guidance

The Corporation plans to release full calendar 2016 guidance in March 2016. The preliminary capital budget for calendar 2016 is US$ 52 million, excluding capital lease payments relating to the Jobo gas processing plant which a subsidiary of Promigas will operate. By comparison, 2015 capital spending was approximately US$ 82 million, excluding acquisitions. Revenues from gas sales alone in calendar 2016 are anticipated to generate approximately US$ 163 million. Additional revenues will come from the Corporation's oil production, however cash flow contributions from Colombian oil is anticipated to be negligible in the first half of calendar 2016, as the Corporation's budget uses a WTI price of US$ 30 per barrel during this period. Should world oil prices recover in the second half of calendar 2016, the Corporation has the financial capability to rapidly deploy capital to execute its large portfolio of operated, drill ready, oil development and exploration opportunities.

The Corporation will provide updates when relevant information becomes available.

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.

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.

For further information please contact:
Investor Relations
800-352-0555
Email: IR@canacolenergy.com
Website: canacolenergy.com