



Canacol Energy Ltd. Tests 13 MMSCFPD (2,281 BOEPD) from Third Flow Test Interval for Combined Test Rate of 66 MMSCFPD (11,579 BOEPD) from Oboe 1 Well in Colombia

CALGARY, ALBERTA - (March 9, 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 final rate of 13 million standard cubic feet per day ("MMscfpd") (2,281 barrels of oil equivalent "boepd") of dry gas with no water from the third and shallowest test interval within the Cienaga de Oro ("CDO") reservoir. This flow test is the third of three separate tests executed on three separate gas bearing reservoir intervals within the CDO reservoir encountered in the Oboe 1 well. The first test interval deeper within the CDO tested at a final rate of 26 MMscfpd (4,561 boepd) as reported on February 25, 2016, while the second test interval flowed at a final rate of 27 MMscfpd (4,737 boepd) as reported on March 2, 2016. Canacol, through its wholly owned subsidiary CNE Oil & Gas S.A.S., holds a 100% operated interest in the VIM 5 E&P contract.

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 7,108 and 7,122 ft md within the third interval to be tested. Flow testing of this interval achieved a final rate of 13 MMscfpd (2,281 boepd) of dry gas using a 2-inch choke with a tubing head pressure of 360 pounds per square inch with no water at the end of a 32 hour flow test period. The third test interval is currently shut in for a pressure build up that is expected to conclude in 3 days.

Three separate reservoir intervals have now been successfully tested in the well: the first interval between 8,116 and 8,683 ft md (which flowed 26 MMscfpd / 4,561 boepd), the second interval between 7,309 and 8,106 ft md (which flowed 27 MMscfpd / 4,737 boepd), and the third interval between 6,556 and 7,270 ft md, (the subject of this flow test).

Upon the conclusion of the pressure buildup of the third flow test interval, all of the remaining gas bearing sands in the entire CDO will be perforated and the well will be tied into the Jobo gas production facility and placed on permanent production.

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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