



Canacol Energy Ltd. Tests 45 MMSCFPD (7,947 BOEPD) from Two Zones at Clarinete 1 Gas Discovery in Colombia

CALGARY, ALBERTA - (February 10, 2015) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that Clarinete 1, the first exploration well drilled in its recently acquired VIM 5 Exploration and Production ("E&P") Contract, has tested at a final gross rate of 24.7 million standard cubic feet per day ("mmscfpd") (4,333 barrels of oil equivalent "boepd") of dry gas with no water from the Upper Cienaga de Oro ("CDO") reservoir in the second of two production tests over two separate reservoir intervals. As previously reported, the Lower CDO tested at a final gross rate of 20.6 mmscfpd (3,606 boepd) of dry gas with no water. The combined gross deliverability of the Clarinete 1 well from both intervals is approximately 45.3 mmscfpd (7,947 boepd). Canacol, through its wholly owned subsidiary CNE Oil & Gas S.A.S., holds a 100% operated interest in the VIM 5 E&P contract. Pursuant to an existing agreement, and subject to approval from the Agencia Nacional de Hidrocarburos, an industry joint venture partner has the ability to earn up to 25% of the Corporation's 100% interest in exchange for fulfilling certain financial commitments.

Both gas sales from Esperanza (currently sold based on the Guajira price index of US\$5.08/mmbtu or US\$28.96/boe) and tariff oil from Ecuador (US\$38.54/bbl), together comprising approximately 42% of production in FQ1 2015, are completely insensitive to world oil prices, offering the Corporation a significant degree of protection from the current effects of falling benchmark oil prices.

The Clarinete 1 exploration well was spud on October 8, 2014, and reached a total depth of 8,068 feet measured depth ("ft md") on November 7, 2014. The primary objective of the well were sandstones of the Tertiary aged CDO sandstone, the main producing reservoir at the Nelson and Palmer fields in the adjacent Esperanza contract where Canacol has a 100% operated working interest. The Clarinete 1 encountered 149 feet of gas pay with average porosity of 26% within the CDO sandstone reservoir based upon an evaluation of the open hole logs. The upper part of the CDO sandstone reservoir was perforated in various intervals between 6,409 and 6,568 feet measured depth. This interval achieved a final rate of 24.7 mmscfpd (4,333 boepd) using a 42 / 64 inch choke with a tubing head pressure of 2,274 pounds per square inch with no water, at the end of a 16 hour flow period. The Corporation is preparing to lay a flowline to tie the Clarinete 1 well into its operated gas processing facility at the Jobo station. The Corporation is also negotiating a new take or pay sales contract with a domestic Colombian purchaser and will announce details concerning the contract in the near future.

As per the previously disclosed independent evaluation of the prospective resources associated with the Clarinete prospect by Gaffney Cline and Associates (see December 18, 2014 press release by Canacol), the pre drill best estimate of unrisked gross prospective gas resource associated with the Clarinete discovery is approximately 540 billion cubic feet. The Corporation has engaged its reserves auditors to prepare a reserve and contingent resource report for the Clarinete discovery following the completion of the testing program.

As previously announced, the Corporation in 2014 executed three new gas sales contracts for a combined 65 mmscfpd (11,052 boepd) which is expected to take Canacol's current daily gas production of approximately 20 mmscfpd (3,509 boepd) to 83 mmscfpd (14,561 boepd) in late calendar 2015. The new contracts each have a five year term, with pricing of US\$ 5.40/mmbtu (US\$ 30.78/barrel of oil equivalent – "boe") escalated at 2% per year for two of the contracts totaling 35 mmscfpd, and US\$8.00/mmbtu (US\$ 45.60/boe) escalated at approximately 3% per year for the third contract of 30 mmscfpd. Canacol currently

sells approximately 18 mmcfpd (3,158 barrels of oil equivalent per day) of gas from the Nelson Field to a local ferronickel producer under a 10 year contract that expires in 2021. That contract, unlike the new contracts, is linked to the Guajira price index, which changed effective October 29, 2014 from US\$3.97/mmbtu (US\$22.63/boe) to US\$5.08/mmbtu (US\$28.96/boe). As recently announced, the Corporation has executed a new 15 year take or pay gas sales contract to provide 35 mmcfpd to a third party commencing in the last quarter of calendar 2016 at a price of US\$ 6.25/mmbtu (US\$ 35.63/boe) escalated at 2 % per year throughout the life of the contract. This pricing reflects the income from both the raw gas sales and the sale of the final LNG product.

The total gross productive capacity of Canacol's existing gas wells at its Nelson (Nelson 2, 3, 4 and 5), Palmer (Palmer 1) and Clarinete (Clarinete 1) gas fields is approximately 120 mmcfpd, more than sufficient to satisfy the 83 mmcfpd required to fulfill its contractual sales obligations in late calendar 2015. The Corporation is planning to double the capacity of its operated Jobo gas processing facility from the current level of 50 mmcfpd to 100 mmcfpd by midyear calendar 2015 at a cost of approximately US\$ 3 million.

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.

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.

Data obtained from the initial testing results at the well identified in this press release, including barrels of oil 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.

Prospective resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have two risk components, the chance of discovery and the chance of development. There is no certainty that the Prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. Application of any geological and economic chance factor does not equate prospective resources to contingent resources or reserves. Low estimate is considered to be a conservative estimate of the quantity that will actually be recovered. It is likely that the actual remaining quantities recovered will exceed the low estimate. If probabilistic methods are used, there should be at least a 90 percent probability (P90) that the quantities actually recovered will equal or exceed the low estimate. Best estimate is considered to be the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate. High estimate is considered to be an optimistic estimate of the quantity that will actually be recovered. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability (P10) that the quantities actually recovered will equal or exceed the high estimate. Mean estimate is the arithmetic average from the probabilistic assessment. Although the Corporation has identified prospective resources, there are numerous uncertainties inherent in estimating oil and gas resources, including many factors beyond the Corporation's control and no assurance can be given that the indicated level of resources or recovery of hydrocarbons will be realized. In general, estimates of recoverable resources are based upon a number of factors and assumptions made as of the date on which the resource estimates were determined, such as geological and engineering estimates which have inherent uncertainties and the assumed effects of regulation by governmental agencies and estimates of future commodity prices and operating costs, all of which may vary considerably from actual results. There are several significant negative factors relating to the prospective resource estimate which include (i) structural events that are well defined seismically and are low risk, however, reservoir quality, seal, hydrocarbon migration and associated hydrocarbon column estimates are more at risk than the former, (ii) well costs are very high due to the exploratory nature of the initial group of wells, (iii) due to limited infrastructure proximate to the prospects, gas discoveries may be stranded for some time until infrastructure is in place, which may take some time due to the remoteness of the prospects and costs associated with same, and (iv) other factors which are not within the control of the Corporation.

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