Canacol Energy Ltd. Provides Production and Operations Update and Records June 2015 Exit Rate of 12,042 BOEPD

CALGARY, ALBERTA - (July 7, 2015) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update concerning its production and drilling operations. Average net production before royalties for the period April 1 to June 30, 2015 was 9,970 barrels of oil equivalent per day ("boepd"), which consisted of 5,515 barrels of oil per day ("bopd") and 25 million standard cubic feet per day ("mmscfpd") (4,455 boepd) of natural gas. Average corporate net production before royalties for the period January 1 to March 31 2015 was 10,950 boepd which consisted of 7,448 bopd and 20 mmscfpd (3,502 boepd) of natural gas. The Corporation has drilled no new production wells for the period January 1 to June 30, 2015.

Gas production for the month of April 2015 was impaired by a 2 week strike at the Cerro Matoso mine, one of the Corporation's main gas buyers. Production recovered in May 2015 with net before royalty production for the period May 1 to May 31 2015 of 10,233 boepd, which consisted of 5,874 bopd and 25 mmscfpd (4,359 boepd) of natural gas. Production in June 2015 continued to build, with net before royalty production for the period June 1 to June 30, 2015 of 11,056 boepd, which consisted of 6,291 bopd and 27 mmscfpd (4,762 boepd) of natural gas. The Corporation exited June 2015 with net production before royalties of 12,042 boepd, which consisted of 7,758 bopd and 24 mmscfpd (4,284 boepd) of natural gas, its highest production level since the quarter ended September 30, 2014 despite not having spent any capital to drill new producing wells in calendar 2015. The increase in production for the months of May and June 2015 was related to both increased natural gas sales via new interruptible gas sales contracts into the local market, and to the positive results from the workover program being executed on the LLA23 light oil block. As of July 7, 2015, three of the five planned workovers on the LLA23 block have been completed, with the remaining two scheduled for completion by the end of July 2015.

The Corporation also announces that the modification to the environmental permit for the Promigas pipeline loop is anticipated to be granted prior to July 17, 2015, and that Promigas anticipates completing the construction prior to December 1, 2015. Canacol will increase natural gas production by approximately 65 mmscfpd starting December 1, 2015 via new sales contracts.

Drilling Operations

The Corporation is planning to commence appraisal drilling activity at its Clarinete natural gas discovery located on the VIM5 contract in the Lower Magdalena Basin in which Canacol has a 100% operated working interest. The Clarinete discovery contains 150 billion cubic feet ("bcf") of net before royalty 2P natural gas reserves and 209 bcf of net before royalty best estimate prospective natural gas resource, as per a 3rd party reserves reports completed in February 2015. The primary objective of the 2 well appraisal program is to prove up the 209 bcf of net before royalty best estimate prospective natural gas resource associated with the Clarinete discovery prior to executing new sales contracts and commercializing this discovery. The Corporation plans to spud the first appraisal well, Clarinete 2, in late July 2015. The well is targeting the same reservoirs that tested a gross rate of 42 mmscfpd of dry natural gas from 2 separate productive intervals within the Tertiary Cienaga de Oro Formation. The Clarinete 2 well is located approximately 1.5 kilometers ("kms") to the west of the Clarinete 1 well, and is anticipated to take approximately 5 weeks to drill and production test. Upon completion of the drilling and testing operations at Clarinete 2, the rig will be mobilized to spud the second appraisal well, Oboe 1, located approximately 3 kms to the north of the Clarinete 1 well. The Oboe 1 well will also take approximately 5 weeks to drill and test, with a mobilization period of approximately 2 weeks from the Clarinete 2 location.

On the Libertador concession in Ecuador the Corporation is participating at its 25% non-operated working interest in exploration well SCOA-001. The well was spud on June 22, 2015, and the current operation is preparing to run 9 5/8" intermediate casing at 9,260 feet. Anticipated total depth of the well is 9,782 feet. The well is targeting the established "T" and "U" sandstone reservoirs in a well-defined faulted 3-way anticlinal closure located immediately to the west of the producing Libertador field.

The Corporation is planning to spud the Pumara 1 exploration well on the LLA23 block, where Canacol holds a 90% operated working interest, in October 2015. The Pumara prospect is located in between the Maltes and Tigro light oil discoveries made in 2014, and is one of several new prospects identified on the new 3D seismic acquired earlier in 2015. Management estimates that the Pumara prospect is approximately the same size as its Labrador light oil discovery made in 2012, approximately 5 million barrels of ultimate recoverable oil according to the Corporation's reserves auditors. The Pumara 1 well will target the same producing reservoirs encountered in the other 5 discoveries that the Corporation has made on the block to date.

Operations Update

The Corporation has completed the centralization of all production facilities on its LLA23 block at the Pointer pad, the objective of which was to eliminate the relatively high cost temporary production facilities located at each of its 5 producing oil fields on the block, resulting in lower field operating expense. The project included the laying of a 28 kilometer 25,000 bfpd flow line connecting all of the producing fields, the conversion of the Pointer 1 well to a water disposal well, the construction of permanent water separating and crude oil loading facilities at Pointer, and the installation of gas fired power generation to provide electricity to all of the wells and to the facilities. The Corporation has now released all of the temporary production facilities along with diesel powered generators with resulting field operating expense now estimated at approximately US$ 11 / bbl, compared to US$ 19.17 / bbl reported for the quarter ending December 31, 2014, a 40% reduction. All new discoveries, including Pumara 1 should it prove successful, can be rapidly tied into the existing flow line.

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 using 5.7Mcf:1 bbl, as required by the Ministry of Mines and Energy of Colombia*

Prospective resources are those quantities of oil and gas estimated to be potentially recoverable from undiscovered accumulations. 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.

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.

The reserves and resources evaluations effective February 28, 2015 were conducted by the Corporation's independent reserves evaluators DeGolyer and MacNaughton and Petrotech Engineering Ltd., respectively, and are in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

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