Canacol Energy Ltd. Enters Into US $265 Million Senior Secured Term Loan To Replace Existing Credit Agreement

CALGARY, ALBERTA - (February 16, 2017) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that it has entered into a credit agreement for US$ 265 million senior secured term loan with a syndicate of banks led by Credit Suisse as Sole Lead Arranger and Sole Bookrunner, and including Mandated Lead Arrangers Export Development Canada, Davivienda, Citibank and Managers Metrobank, Banco Internacional de Costa Rica (BICSA), Banco Latinoamericano de Comercio Exterior (Bladex), BHD International Bank and Bancaribe. Funding occurred earlier today.

The new credit agreement will replace the Corporation's existing two facilities with BNP Paribas ("BNP Facility") and Apollo Investment Corporation Senior Notes ("Apollo Notes") and will offer the following benefits: 1) defers amortization payments until March, 2019, allowing the Corporation to dedicate capital to high netback production related projects instead of debt service; 2) reduces the total annual interest costs as compared to the combined BNP Facility and Apollo Notes by approximately 1.1% and, 3) harmonizes compliance and administrative deliverables under one facility.

Although the Corporation's currently contemplated 2017 capital budget lies within its 2017 cash flow and existing cash, the new credit agreement will also allow an additional US$ 40 million of Greenshoe funds available within 12 months post-funding, allowing Canacol increased financial flexibility as it pursues its stated gas production goal of 230 mmscf/d by late 2018. This option is at the discretion of the Corporation and on the same terms and conditions of the initial funding.

The term loan will mature on March 20, 2022, with interest payable quarterly and principal repayable in 13 equal quarterly instalments starting March 20, 2019, following more than two years of initial grace period. The term loan will carry interest at LIBOR plus 5.5% and will be secured by all of the material assets of the Corporation.

Proceeds from the term loan will be used for repayment of principal in the amount of US$ 255 million. This includes US$ 180 million of the BNP Facility and US$ 75 million of Apollo Notes, plus accrued interest and costs of the transaction.

This term loan will not be "re-determined" periodically, as is the case with an RBL structure, therefore eliminating the risk to the Corporation of being forced to return lenders' capital prior to the amortization schedule if energy markets or banking market conditions deteriorate.

Canacol's CFO, Jason Bednar, commented "For all the reasons stated above, this is a very important piece of business for Canacol as we work toward our goal of 230 mmscf/d of gas production by late 2018, most importantly, aligning the first term payment of the new facility with greatly increased gas production by 2019. It also ensures Canacol remains a very well capitalized company, with a strong balance sheet, a significant cash position and a very healthy debt to EBITDA ratio.

Canacol would like to thank Credit Suisse and all the new syndicate banks, notably including a large contingent of South American based banks, for their vote of confidence and support, as well as our advisors Plexus Capital for facilitating this smooth transition. We'd also like to express our gratitude to BNP Paribas and the outgoing syndicate, along with Apollo, for their past support."

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.

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