

Canacol Energy Ltd. Increases PDP Reserves by 110% and Adds Calendar 2015 2P Reserves of 30.3 MMboe (1,013% reserves replacement) to Post a 2P F&D of US\$ 2.85/boe

CALGARY, ALBERTA - (March 16, 2016) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to report its reserves for the fiscal year ended December 31, 2015 for its assets located in Colombia and Ecuador. Highlights include:

- Proven developed producing ("PDP") reserves increased by 110% since June 30, 2015, to total 28.4 million barrels of oil equivalent ("MMboe") at December 31, 2015
- Proved plus probable ("2P") reserves totaled 79.2 MMboe at December 31, 2015, with a before tax value discounted at 10% of US\$ 1.3 billion, being CAN\$ \$9.44 per share
- Achieved a 2P reserve replacement of 1,013%, based on calendar 2015 gross reserve additions of 30.3 MMboe, being more than 10 times of those produced in the same period
- Achieved a 1P reserve replacement of 656% based on calendar 2015 gross proven reserve additions of 19.7 MMboe
- Achieved 2P finding and development costs ("F&D") of US\$ 1.81/boe for its gas assets and US\$ 2.85/boe as a corporate total for calendar 2015
- Achieved 2P F&D of US\$ 3.78/boe for its gas assets and US\$ 7.18/boe as a corporate total for the 2.5 year period ending December 31, 2015
- Recorded 2P finding, development and acquisition costs ("FD&A") of US\$ 2.44/boe for its gas assets and US\$ 3.38/boe as a corporate total for calendar 2015
- Recorded a 2P reserves life index ("RLI") of 24 years based on 2015 production, and a 10 year RLI based on expected future gas production of 90 MMscfpd upon the completion of the Promigas pipeline expansion (1P RLI being 16 years and 7 years, respectively)
- The December 31, 2015 reserve reports do not include the results of the successful Oboe 1 well which completed drilling in February, 2016 and recently tested cumulative production of 66 MMscfpd

Charle Gamba, President and CEO of Canacol, commented "During a period marked by significant declines in global commodity prices, we have focused exclusively on increasing the value of our reserves base for our shareholders. Towards this end, I am pleased to report an increase in both the amount and value of our proven reserves base, largely due to the continued growth of our Colombian gas platform during the past 6 months. Since the last reserves report issued in June 2015, Canacol's proven developed producing reserves, the most valuable and important category of reserve, increased by 110% and total proven reserves by 3% to 28.4 million barrels of oil equivalent and 53 million barrels of oil equivalent respectively. More importantly, the before tax value discounted at 10% of Canacol's proven reserves increased 16% to US\$ 937 million, corresponding to CAN \$6.32 per share. Total 2P reserves remained relatively flat over the 6 month reporting period at 79 million barrels of oil equivalent, with a before tax value discounted at 10% of US\$ 1.3 billion, or CAN\$ 9.44 per share.

Canacol's management team continues to successfully execute its growth strategy with respect to high value Colombian gas, marked both by the recent success at the Oboe 1 well, and the ramp up of gas production to 90 MMscfpd by the end of March 2016. The reserves associated with the Oboe 1 well, which tested at a combined rate of 66 MMscfpd from three separate zones, are not included in this current reserves report, and will be the subject of a separate reserves report to be issued for June 2016 which will increase Canacol's proven reserves base. 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.

From a reserves perspective, the remainder of 2016 shall see the management team focused on growing Canacol's Colombian gas reserves and production base through the execution of our large gas rich exploration portfolio. The management team is also negotiating the construction of a new gas pipeline which will send 100 MMscfpd of new gas production to the Caribbean coast of Colombia in 2018. Meanwhile, Canacol maintains a large inventory of light oil drilling opportunities which could be rapidly executed should global oil prices recover to a reasonable level and justify capital investment."

Year Ended December 31, 2015 Reserves Report: Discussion of Reserves

The following tables summarize information contained in the independent reserves report prepared by DeGolyer and MacNaughton Canada Limited dated March 8, 2016 with an effective date of December 31, 2015 (the “D&M 2015 report”) and the independent reserves report prepared by Petrotech Engineering Ltd. dated March 11, 2016 with an effective date of December 31, 2015 (the “Petrotech 2015 report”). Comparative information is included for the independent reserves report prepared by D&M dated September 10, 2015 with an effective date of June 30, 2015 and the independent reserves report prepared by Petrotech dated September 2, 2015 with an effective date of June 30, 2015. The year-end report effective December 31, 2015 is prepared in respect of the change in Canacol’s fiscal year-end as disclosed on July 15, 2015.

Canacol Working Interest Before Royalty Reserves for the Year Ended December 31, 2015

Reserve Category ⁽¹⁾	30-Jun-15 (Mboe) ⁽²⁾	31-Dec-15 (Mboe)	Difference (%)
Proven developed producing	13,548	28,413	110
Proved (1P)	51,468	53,012	3
Proved plus probable (2P)	79,853	79,229	(1)
Proved plus probable plus possible (3P)	91,565	93,032	2

(1) All reserves are presented as Canacol working interest before royalties

(2) Mboe is defined as thousands of barrels of oil equivalent. Gas volumes are converted to boe using a factor of 5.7 as per Colombia regulatory practice

Canacol Working Interest Before Royalty Reserves for the Year Ended December 31, 2015 by Product Type⁽¹⁾

		Proved Developed Producing	Total Proved	Total Proved + Probable	Total Proved + Probable + Possible
Light and medium crude ⁽²⁾	Mbbl	751	5,632	8,615	10,857
Heavy crude	Mbbl	-	2,183	5,353	8,636
Conventional natural gas	MMcf	157,676	257,623	371,992	419,170
	Mbo				
Total oil equivalent⁽³⁾	e	28,413	53,012	79,229	93,032

(1) All reserves are Canacol working interest share before royalty.

(2) Light and medium crude volumes include working interest volumes and deemed volumes.

(3) The term “Boe” means a barrel of oil equivalent on the basis of 5.7 Mcf of natural gas to 1 barrel of oil (“bbl”) as per Colombian regulatory practice.

Five Year Crude Oil Price Forecast – D&M Report December 31, 2015 and June 30, 2015

		Reserve Report Date	2016	2017	2018	2019	2020
WTI	US\$/ Bbl	31-Dec-15	48.00	56.10	60.34	66.86	72.52
WTI	US\$/ Bbl	30-Jun-15	66.30	72.83	79.59	84.43	86.12
% difference			-28%	-23%	-24%	-21%	-16%

Five Year Gas Price Forecast – Petrotech Report December 31, 2015

		Reserve Report Date	2016	2017	2018	2019	2020
Esperanza & Clarinete blended average gas price	US\$/ Mmbtu	31-Dec-15	5.60	6.21	6.25	6.47	6.70

Reserves Net Present Value Before Tax Summary⁽¹⁾

Reserve Category	BT NPV-10 30-Jun-15 (M US\$) ⁽²⁾	BT NPV-10 31-Dec-15 (M US\$) ⁽²⁾	Net Asset Value 31-Dec-15 (\$ CDN/share) ⁽³⁾
Proven developed producing	286,718	570,544	3.14

Proved (1P)	810,245	936,350	6.32
Proved plus probable (2P)	1,227,053	1,294,868	9.44
Proved plus probable plus possible (3P)	1,417,030	1,481,502	11.06

Reserves Net Present Value After Tax Summary(1)

Reserve Category	AT NPV-10 30-Jun-15 (M US\$)(2)	AT NPV-10 31-Dec-15 (M US\$)(2)	Net Asset Value 31-Dec-15 (\$ CDN/share)(3)
Proven developed producing	174,071	393,029	1.59
Proved (1P)	535,079	638,950	3.73
Proved plus probable (2P)	808,215	872,610	5.76
Proved plus probable plus possible (3P)	930,486	995,232	6.83

- (1) Net present values are stated in thousands of USD and are discounted at 10 percent. The forecast prices used in the calculation of the present value of future net revenue are based on the price decks described above. The D&M price deck at December 31, 2015 and June 30, 2015 are included in the Corporation's Annual Information Form. The Petrotech forecasts for gas prices as at December 31, 2015 and June 30, 2015 are included in the Corporation's Annual Information Form.
- (2) Future Development Costs as at June 30, 2015 are included at \$153.6 million for 1P, \$213.6 million for 2P. Future Development Costs as at December 31, 2015 are included at \$140.7 million for 1P, and \$202.3 million for 2P. Cost estimates are undiscounted.
- (3) Net asset value ("NAV") is calculated as at December 31, 2015 NPV10 less estimated net debt of US\$210 million (being \$255 million of bank debt less estimated net working capital of \$45 million) divided by 159 million basic shares outstanding as at December 31, 2015. NAV calculations are converted to \$CAD at USD:CAD = 1.384.

Reserves Life Index ("RLI")

Reserve Category(1)	30-Jun-15 (yrs.)(1)	31-Dec-15 (yrs.)(2)	December Pro forma (3)
Proved (1P)	14	16	7
Proved plus probable (2P)	22	24	10

- (1) Calculated using average 3 months ending June 30, 2015 production of 9,961 boepd annualized. Production volumes include Ecuador incremental production contract barrels.
- (2) Calculated using average 3 month ending December 31, 2015 production of 9,064 boepd annualized. Production volumes include Ecuador incremental production contract barrels.
- (3) Calculated using average 3 month ending December 31, 2015 production for oil properties of 5523 boepd annualized and using 90 MMcf/d (being the Corporation's current maximum pipeline and sales capacity annualized).

Year Ended December 31, 2015 Canacol Working Interest Before Royalty Reserves Reconciliation(1)

	Total Proved (Mboe)	Total Proved + Probable (Mboe)
30-Jun-15	51,468	79,853
Technical & economic revisions(2)	3,299	1,131
Production(3)	(1,755)	(1,755)
31-Dec-15	53,012	79,229

- (1) The numbers in this table may not add due to rounding
- (2) Proved plus Probable reserve technical and economic revisions are primarily associated with the asset evaluations at Llanos 23 and Capella
- (3) Production volumes include Ecuador incremental production contract barrels

Calculation of Reserve Metrics – Canacol Working Interest Before Royalty(1)(2)(3)

	Calendar 2015		2.5 Year Ending December 31, 2015	
	Gas	Total(4)	Gas	Total(4)
Opening Balance	25,419	40,678	16,667	31,347
Technical Revisions	14,854	11,167	19,145	15,445
Discoveries & Extensions	19,739	20,283	25,862	30,033
Acquisitions & Dispositions	6,580	6,446	6,580	7,186
Economic Factors	-	(1,116)	-	(1,116)
Production	(1,331)	(2,994)	(2,992)	(8,430)
Ending Balance, 31-Dec-15	65,262	74,465	65,262	74,465

- (1) The numbers in this table may not add due to rounding.

(2) Calculated using unaudited estimated capital expenditures and unaudited estimated cash netback as at December 31, 2015. See advisory “Unaudited Financial Information”

(3) All values in this table are stated on a 2P (Total Proved + Probable) basis.

(4) Includes Colombian properties only. No Ecuador deemed volumes nor capital have been included

Calculation of Reserve Metrics – Canacol Working Interest Before Royalty(1)(2)(3)

	Calendar 2015		2.5 Year Ending December 31, 2015	
	Gas	Total(4)	Gas	Total(4)
Capital Expenditures	\$30,203	81,538	98,128	315,258
Capital Expenditures - Change in FDC(5)	32,400	4,900	72,200	3,200
Total F&D(6)	\$62,603	86,438	170,328	318,458
Net Acquisitions	38,046	38,046	53,917	113,917
Total FD&A(7)(8)	\$100,649	124,484	224,245	432,375
Reserve Additions (Mboe)	34,594	30,335	45,007	44,362
Reserve Additions – Net Acquisitions	6,580	6,446	6,580	7,186
Reserve Additions Including Net Acquisitions (Mboe)	41,174	36,781	51,587	51,548
F&D Costs (\$/boe)(6)	\$1.81	\$2.85	\$3.78	\$7.18
FD&A Costs (\$/boe) (7)(8)	2.44	3.38	4.35	8.39

(1) The numbers in this table may not add due to rounding.

(2) Calculated using unaudited estimated capital expenditures and unaudited estimated cash netback as at December 31, 2015. See advisory “Unaudited Financial Information”

(3) All values in this table are stated on a 2P (Total Proved + Probable) basis.

(4) Includes Colombian properties only. No Ecuador deemed volumes nor capital have been included

(5) “Capital Expenditures – change in FDC” is rounded to the nearest M US\$. FDC is the 2P (Proved + Probable) future development capital

(6) F&D – Finding and Development Costs on a 2P (Total Proved + Probable) basis

(7) FD&A - Finding, Development and Acquisition Costs on a 2P (Total Proved + Probable) basis.

(8) With the finding and development costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year.

During the six month period, June 30th 2015 to December 31st 2015, the Corporation recorded increases in certain reserve categories as a result of the drilling and completion of a proved undeveloped location at Clarinete 2 on VIM 5 in the Lower Magdalena Valley Basin. Significant increases in proved developed producing reserves were achieved by the completion and tie-in of 2 gas wells at Clarinete Field to Jobo Station. Tie-in operations were successfully completed prior to December 31, 2015 in support of the Corporation’s objective of monetizing quality gas assets.

D&M has been engaged by the Corporation to prepare independent evaluations of light and medium crude oil and heavy crude oil assets. Petrotech has been engaged by the Corporation to prepare independent evaluations of conventional natural gas assets. Each independent reserves report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook (“COGE Handbook”) and National Instrument NI 51-101, Standards of Disclosure for Oil and Gas Activities (“NI 51-101”). Additional reserve information as required under NI 51-101 will be included in the Corporation’s Annual Information Form which will be filed on SEDAR by March 30, 2016. All dollar amounts are in United States dollars unless otherwise noted.

The recovery and reserve estimates of light and medium crude oil, heavy crude oil and conventional natural gas are estimates only. There is no guarantee that the estimated reserves will be recovered and actual reserves of light and medium crude oil, heavy crude oil and conventional natural gas may prove to be greater than, or less than, the estimates provided.

Canacol’s reserves of light and medium crude oil are located in Colombia’s Llanos and Middle Magdalena Valley basins. Reserves of heavy crude oil are located in the Caguan basin. Additional deemed volumes of light and medium crude oil are developed in the Oriente basin of Ecuador. Canacol’s reserves of conventional natural gas are located in the Lower Magdalena Valley basin.

Reserves of light and medium crude oil and heavy crude oil as at December 31, 2015 are evaluated against the D&M forecast pricing effective at that date. Comparative volumes of light and medium crude oil and heavy crude oil as at June 30, 2015 are evaluated against the D&M forecast pricing effective at that date. Deemed volumes of light crude oil are determined by dividing cash flow by the tariff price of USD\$38.54/ barrel which remains constant for the life of the incremental production

contract. Reserves of conventional natural gas as at December 31, 2015 are evaluated against contract pricing forecast for each gas contract. Comparative volumes of conventional natural gas as at June 30, 2015 are evaluated against contract pricing for each gas contract at the effective date.

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.

The reserves evaluations, effective December 31, 2015, were conducted by the Corporation's independent reserves evaluators DeGolyer and MacNaughton ("D&M") and Petrotech Engineering Ltd. ("Petrotech") and are in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. The reserves are provided on a Canacol working interest before royalty basis in units of barrels of oil equivalent using a forecast price deck, adjusted for quality, in US dollars. The estimated values may or may not represent the fair market value of the reserve estimates.

"proved reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"probable reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"possible reserves" means those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

"deemed volumes" means those volumes produced under a service agreement in which the Corporation does not have a direct interest, but represents reserves attributable to the Corporation as calculated using the cash flow divided by the fixed tariff price over the life of the reserves. The Corporation has a non-operated 25% equity participation interest in the Ecuador IPC for which it receives a fixed price tariff for each incremental barrel produced;

Boe Conversion - "boe" barrel of oil equivalent is derived by converting natural gas to oil in the ratio of 5.7 Mcf of natural gas to one bbl of oil. A BOE conversion ratio of 5.7 Mcf to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 5.7:1, utilizing a conversion on a 5.7:1 basis may be misleading as an indication of value. In this news release, the Corporation has expressed Boe using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Ministry of Mines and Energy of Colombia.

1P Reserves replacement ratio: Ratio of reserve additions to production, as reported in financial statements during the fiscal year ended December 31, excluding acquisitions and dispositions on a proven basis

2P Reserves replacement ratio: Ratio of reserve additions to production, as reported in financial statements during the fiscal year ended December 31, excluding acquisitions and dispositions on a proven + probable basis

With the finding and development costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year

Unaudited Financial Information

Certain financial and operating results included in this news release include net debt, capital expenditures, production information and operating costs based on unaudited estimated results. These estimated results are subject to change upon completion of the Corporation's audited financial statements for the year ended December 31, 2015, and changes could be material. Canacol anticipates filing its audited financial statements and related management's discussion and analysis for the year ended December 31, 2015 on SEDAR on or before March 31, 2016.

This press release contains a number of oil and gas metrics, including F&D, FD&A, reserve replacement and RLI, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods

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