CANACOL
ENERGY LTD.

Canacol Energy Ltd. Reports Financial and Operating Results for the Three Months Ended September 30, 2015

CALGARY, ALBERTA – (November 10, 2015) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to report its financial and operating results for the three months ended September 30, 2015. Dollar amounts are expressed in United States dollars, except as otherwise noted.

Charle Gamba, President and CEO of Canacol, stated: "I'm pleased to report that during the quarter ended September 30, 2015, the Clarinete-2 ST appraisal well was drilled confirming a significant gas discovery at Clarinete. The well encountered 127 feet of net gas pay within the main Cienaga de Oro reservoir target and, in October 2015, the well tested at a final gross rate of 25.6 million standard cubic feet per day ("MMscfpd") (4,491 barrels of oil equivalent per day "boepd") of dry gas with no water from the Cienaga de Oro reservoir, and at a final gross rate of 4.7 MMscfpd (825 boepd) of dry gas with 1 barrel of water from the overlying Tubara sandstone reservoir.

I'm also pleased to report that during the quarter ended September 30, 2015, the Corporation and its joint venture operating partners completed the testing of the successful Secoya Oeste - A001 exploration well located adjacent to the producing Libertador and Atacapi light oil fields in the Oriente Basin of Ecuador. The well encountered 33 feet of net oil pay within the T, U, and basal Tena sandstone reservoirs. The Lower U sandstone reservoir tested at an average gross rate of 972 barrels of oil per day ("bopd") (243 bopd net) of 27° API oil with a 10% water cut over the course of a 50 hour test using a jet pump. The Upper U sandstone tested at an average gross rate of 326 bopd (82 bopd net) of 29° API oil with 8% water cut over the course of a 53 hour test using a jet pump.

The Corporation grew average production for the three months ended September 30, 2015 to 10,455 boepd, a 5% increase over the previous quarter ended June 30, 2015, primarily due to Canacol's successful LLA-23 workover program for light oil.

For the three months ended September 30, 2015, the Corporation reduced production and transportation expenses by 57% to $7.26/boe compared $17.01/boe for the comparable period. The decrease is primarily due to the Corporation's cost-cutting initiatives of centralizing the production, loading, and water disposal operations from the different fields within the LLA-23 block to the Pointer platform.

On the financing front, in early September 2015, Canacol announced a strategic private placement with Cavengas Holding S.R.L. ("Cavengas") for C$79 million (approximately $60 million), which allowed for both a partial debt repayment of $20 million and the ability to maintain a flexible capital expenditure program as the Corporation continues to focus on developing its substantial natural gas portfolio. As part of this transaction, we are very pleased to have Mr. Cisneros and Mr. Sosa join the board of Canacol. Both are consummate businessmen whom will broaden the depth of the board of directors, and leverage their extensive relationships in South America to bring new projects to the Corporation's portfolio. After having prepaid a portion of our debt, Canacol exited the quarter with $48.5 million in cash and an additional $61.3 million of restricted cash. Subsequent to September 30, 2015, we closed on the final portion of the Cavengas investment, bringing a further $33 million into the Corporation."

Highlights for the three months ended September 30, 2015

(Production is stated as working-interest before royalties)

Financial and operational highlights of the Corporation include:

- The Clarinete-2 ST appraisal well encountered 127 feet of net gas pay within the main Cienaga de Oro reservoir target, confirming a significant gas discovery at Clarinete. In October 2015, the Clarinete-2 ST appraisal well was tested at a final gross rate of 25.6 MMscfpd (4,491 boepd) of dry gas with no water from the Cienaga de Oro reservoir, and at a final gross rate of 4.7 MMscfpd (825 boepd) of dry gas with 1 barrel of water from the overlying Tubara sandstone reservoir.
- Production expenses decreased 15% to $6.4 million for the three months ended September 30, 2015 compared to $7.5 million for the three months ended June 30, 2015, even though production increased from 9,961 boepd to 10,455 boepd. Despite a 28% decrease in LLA-23 oil production year over year, the production expenses have dropped to $7.52/bbl, down 56% from the $17.07/bbl posted for the same quarter in 2014. The decrease is primarily due to the Corporation's cost-cutting initiatives of centralizing the production, loading, and water disposal operations from the different fields within the LLA-23 block to the Pointer platform, lower renegotiated operating costs, and the devaluation of the Colombian peso versus the United States dollar.
- Despite a 15% decrease in gas sales by volume due to pipeline capacity being down for further construction, average daily sales volumes increased 5% to 10,727 boepd for the three months ended September 30, 2015 compared to 10,256 boepd for the three months ended June 30, 2015 as a result of the Corporation's successful LLA-23 workover program and its light oil discovery in Ecuador during the quarter.
- Petroleum and natural gas revenues for the three months ended September 30, 2015 decreased 20% to $22.0 million compared to $27.3 million for the three months ended June 30, 2015. Adjusted petroleum and natural gas revenues, inclusive of revenues related to the Ecuador Incremental Production Contract (the "Ecuador IPC") (see full discussion in MD&A), for the three months ended September 30, 2015 decreased 12% to $29.9 million compared to $33.9 million for the three months ended June 30, 2015. The decrease in revenues reflects decrease in benchmark crude oil prices over the respective periods.
- Average corporate operating netback for the three months ended September 30, 2015 decreased 15% to $22.73/boe compared to $26.68/boe for the three months ended June 30, 2015. The decrease in average corporate operating netback is mainly attributable to decrease in benchmark crude oil prices, offset by reductions in production and transportation expenses per boe. Average corporate operating netbacks are inclusive of results from the Ecuador IPC.
- Adjusted funds from operations for three months ended September 30, 2015 decreased 7% to $15.2 million compared to $16.4 million for the three months ended June 30, 2015. Adjusted funds from operations are inclusive of results from the Ecuador IPC. The decrease in adjusted funds from operation is primarily the result of decrease in benchmark crude oil prices.
- The Corporation had a net loss of $19.0 million for the three months ended September 30, 2015 compared to net loss of $58.5 million for the three months ended June 30, 2015. The net loss is mainly driven by non-cash expenses such as depletion and depreciation, stock-based compensation, and deferred income tax expense.
- Capital expenditures for the three months ended September 30, 2015 was $22.3 million, while adjusted capital expenditures, inclusive of amounts related to the Ecuador IPC, was $26.1 million.
- On September 3, 2015, the Corporation completed a private placement with Cavengas for the amount of C$79 million, being a 19.9% investment in the Corporation. C$35 million was released on that date, with the remaining C$44 million closed on October 16, 2015.
- At September 30, 2015, the Corporation had $48.5 million in cash and cash equivalents and $61.3 million in restricted cash.
- On September 30, 2015, the Corporation pre-paid $20 million on its BNP Senior Secured Term Loan, bringing the balance outstanding to $180 million.

Financial	Three months ended September 30,		
	2015	2014	Change
Petroleum and natural gas revenues, net of royalties	**21,958**	58,917	(63%)
Adjusted petroleum and natural gas revenues, net of royalties, including revenues related to the Ecuador IPC [2]	**29,899**	67,356	(56%)
Cash provided by operating activities	**14,302**	45,618	(69%)
Per share – basic ($)	**0.11**	0.42	(72%)
Per share – diluted ($)	**0.11**	0.42	(72%)
Adjusted funds from operations [1] [2]	**15,218**	37,162	(59%)
Per share – basic ($)	**0.12**	0.34	(65%)
Per share – diluted ($)	**0.12**	0.34	(65%)
Net income (loss)	**(19,029)**	14,110	n/a
Per share – basic ($)	**(0.15)**	0.13	n/a
Per share – diluted ($)	**(0.15)**	0.13	n/a
Capital expenditures, net, including acquisitions	**22,299**	47,522	(53%)
Adjusted capital expenditures, net, including acquisitions and capital expenditures related to the Ecuador IPC [1][2]	**26,080**	56,209	(54%)
	September 30, 2015	June 30, 2015	Change
Cash and cash equivalents	**48,493**	45,765	6%
Restricted cash	**61,316**	61,772	(1%)
Working capital surplus, excluding the current portion of bank debt and non-cash items [1]	**50,152**	62,883	(20%)
Short-term and long-term bank debt	**247,639**	267,023	(7%)
Total assets	**672,628**	669,742	0%
Common shares, end of period (000's)	**140,926**	126,434	11%

Operating	Three months ended September 30,		
	2015	2014	Change
Petroleum and natural gas **production**, before royalties (boepd)			
Petroleum [3]	**6,983**	9,922	(30%)
Natural gas	**3,472**	3,334	4%
Total [2]	**10,455**	13,256	(21%)
Petroleum and natural gas **sales**, before royalties (boepd)			
Petroleum [3]	**7,272**	9,997	(27%)
Natural gas	**3,455**	3,311	4%
Total [2]	**10,727**	13,308	(19%)
Realized sales prices ($/boe)			
LLA-23 (oil)	**34.01**	83.97	(59%)
Esperanza (natural gas)	**26.61**	21.48	24%
Ecuador (tariff oil) [2]	**38.54**	38.54	-
Total [2]	**33.00**	60.15	(45%)
Operating netbacks ($/boe) [1]			
LLA-23 (oil)	**19.75**	54.03	(63%)
Esperanza (natural gas)	**22.54**	16.84	34%
Ecuador (tariff oil) [2]	**38.54**	38.54	-
Total [2]	**22.73**	37.70	(40%)

(1) Non-IFRS measure – see "Non-IFRS Measures" section within MD&A.
(2) Inclusive of amounts related to the Ecuador IPC – see "Non-IFRS Measures" section within MD&A.
(3) Includes tariff oil production and sales related to the Ecuador IPC.

Outlook

The three months ended September 30, 2015 was a very strong quarter for Canacol, both operationally and financially. Operationally, we confirmed our significant gas discovery at Clarinete via a step out well with 127 feet of net gas pay, and flow rates in excess of 30 MMscfpd. We also had an oil discovery in our Ecuador joint venture and decreased our Colombian LLA-23 production costs to less than half of what they were a year ago on a per boe basis. Financially, we arranged a C$79 million investment from our new strategic investor Cavengas, as well as prepaying $20 million on our debt facilities, both ensuring the Corporation remains in a very strong financial position to develop its substantial natural gas portfolio.

Canacol is also pleased to report that it has recently signed new gas sales contracts, bringing the new total 2016 maximum contracted gas to 90 MMscfpd upon the completion of the previously announced Promigas pipeline. The anticipated average contracted gas sales volumes for 2016 is now approximately 81 MMscfpd, as adjusted by the Promigas pipeline schedule discussed below. The average price of the 2016 natural gas sales contracts has now increased to approximately US$5.50/Mcf. The Corporation is seeing very strong demand for its natural gas in light of declining existing production in the region, as well as increasing thermo-electric growth at least partially driven by current El Nino conditions in the region.

The Corporation has also been informed by Promigas S.A. E.S.P. that due to operational delays in the expansion of the transportation capacity of the gas pipeline between Jobo and Cartagena, the new pipeline will begin operations with an additional capacity of 19 MMscfpd by December 30, 2015, total additional capacity of 50 MMscfpd by January 30, 2016, and total additional capacity of 65 MMscfpd by mid-February 2016. The Corporation's current and continuing production of approximately 25 MMscfpd will not be affected by the delays related to the pipeline expansion, as this gas is sold via a separate pipeline. The Jobo gas processing plant expansion and Clarinete field tie-in remain on schedule to be completed prior to the end of November, and the Oboe-1 well is currently scheduled to spud mid-November following the completion of rig maintenance.

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The Corporation's has filed its unaudited interim condensed consolidated financial statements and related Management's Discussion and Analysis as of and for the three months ended September 30, 2015 with Canadian securities regulatory authorities. These filings are available for review on SEDAR at www.sedar.com.

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 symbols CNE, CNNEF, and CNEC, 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. Information and guidance provided herein supersedes and replaces any forward looking information provided in prior disclosures. 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. Other risks are more fully described in the Corporation's most recent Management Discussion and Analysis ("MD&A") and Annual Information Form, which are incorporated herein by reference and are filed on SEDAR at www.sedar.com. Average production figures for a given period are derived using arithmetic averaging of fluctuating historical production data for the entire period indicated and, accordingly, do not represent a constant rate of production for such period and are not an indicator of future production performance. Detailed information in respect of monthly production in the fields operated by the Corporation in Colombia is provided by the Corporation to the Ministry of Mines and Energy of Colombia and is published by the Ministry on its website; a direct

link to this information is provided on the Corporation's website. References to "net" production refer to the Corporation's working-interest production before royalties.

Use of Non-IFRS Financial Measures – Due to the nature of the equity method of accounting the Corporation applies under IFRS 11 to its interest in the Ecuador IPC, the Corporation does not record its proportionate share of revenues and expenditures as would be typical in oil and gas joint interest arrangements. Management has provided supplemental measures of adjusted revenues and expenditures, which are inclusive of the Ecuador IPC, to supplement the IFRS disclosures of the Corporation's operations in this press release. Such supplemental measures should not be considered as an alternative to, or more meaningful than, the measures as determined in accordance with IFRS as an indicator of the Corporation's performance, and such measures may not be comparable to that reported by other companies. This press release also provides information on adjusted funds from operations. Adjusted funds from operations is a measure not defined in IFRS. It represents cash provided by operating activities before changes in non-cash working capital and decommissioning obligation expenditures, and includes the Corporation's proportionate interest of those items that would otherwise have contributed to funds from operations from the Ecuador IPC had it been accounted for under the proportionate consolidation method of accounting. The Corporation considers adjusted funds from operations a key measure as it demonstrates the ability of the business to generate the cash flow necessary to fund future growth through capital investment and to repay debt. Adjusted funds from operations should not be considered as an alternative to, or more meaningful than, cash provided by operating activities as determined in accordance with IFRS as an indicator of the Corporation's performance. The Corporation's determination of adjusted funds from operations may not be comparable to that reported by other companies. For more details on how the Corporation reconciles its cash provided by operating activities to adjusted funds from operations, please refer to the "Non-IFRS Measures" section of the Corporation's MD&A. Additionally, this press release references working capital and operating netback measures. Working capital is calculated as current assets less current liabilities, excluding non-cash items, and is used to evaluate the Corporation's financial leverage. Operating netback is a benchmark common in the oil and gas industry and is calculated as total petroleum and natural gas sales, less royalties, less production and transportation expenses, calculated on a per barrel of oil equivalent basis of sales volumes using a conversion. Operating netback is an important measure in evaluating operational performance as it demonstrates field level profitability relative to current commodity prices. Working capital and operating netback as presented do not have any standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities.

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. 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.

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