Canacol Energy Ltd. Tests Trombon 1 Discovery at 26 MMSCFPD

CALGARY, ALBERTA - (October 17, 2016) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update for the Trombon 1 discovery, which represents the Corporation's fifth consecutive gas exploration success.

Trombon 1 Gas Discovery
Esperanza Exploration & Exploitation ("E&P") contract
Lower Magdalena Basin, Colombia
100% working interest

Offsetting the Nispero 1 gas discovery that Canacol announced in late August 2016, the Trombon 1 exploration well was spud on the Esperanza E&P contract on September 13, 2016. The well reached total depth of 10,360 feet measured depth ("ft. md") in sixteen days. The well encountered 26 ft. md (21 feet true vertical depth) of net gas pay with average porosity of 22% within the primary Cienaga de Oro ("CDO") reservoir target. The CDO reservoir interval was perforated between 8,328 to 8,354 ft. md and flowed at a final stabilized rate of 26 million cubic feet per day ("MMscfpd") of dry gas with no water. Trombon 1 tested with a flowing tubing head pressure of 2,254 pounds per square inch over a 36-hour test period. The Corporation finished completion of the Trombon 1 well for permanent production via the Nispero to Jobo flow line. Trombon 1 will tie into the Corporation's operated Jobo production facility.

2016 Drilling Program
The Corporation's resource capture strategy anticipates four more wells before year end. The Corporation has contracted the Tuscany Rig-14 to drill the Nelson 6 gas exploration well and Nelson 8 gas development well. Tuscany Rig-15 is mobilizing from the Trombon discovery to the Clarinete field to drill the Clarinete 3 gas development well. The Nelson 6 exploration well is expected to spud on October 18, 2016 and will target interpreted gas pay within the shallow Porquero sandstone reservoir in the Nelson field. Upon completion, the Corporation will drill the Nelson 8 development well targeting productive reservoirs within the CDO reservoir that are not being drained by the existing producing wells in the Nelson field. A third rig will be contracted to drill the Mono Capuchino-1 oil exploration well on the VMM 2 E&P contract located in the Middle Magdalena Basin.

Corporate Production
Realized contractual oil and gas sales for the quarter ended September 30, 2016 averaged approximately 18,908 boepd, which consisted of 86.1 MMscfpd (15,107 boepd) of gas, and 3,801 barrels of oil per day.

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.

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.

Realized contractual gas sales is defined as gas produced and sold, plus gas revenues received from nominated take or pay contracts.

Gas cash sales is defined as realized contractual gas sales plus the portion of cash received for undelivered gas nominations classified as deferred revenues accordingly to IFRS.

Corporate cash sales is defined as gas cash sales plus Colombian oil sales plus the Corporation's share of Ecuador tariff oil sales.
The portion of undelivered gas nominations classified as deferred revenues for the quarter ended September 30, 2016 was approximately 1.3 MMscfpd.

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.

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