

Canacol Energy Ltd. Tests Mono Capuchino 1ST Exploration Well at 1,013 BOPD; Spuds the Canahuate 1 Gas and Pumara 1 Oil Exploration Wells

CALGARY, ALBERTA - (March 28, 2017) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX: CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide an update on the Mono Capuchino 1ST exploration well and the Corporation's drilling program.

Mono Capuchino 1ST Exploration Well

VMM2 Exploration & Exploitation ("E&P") contract

Middle Magdalena Valley Basin, Colombia

CNE Oil and Gas S.A.S. Operator WI 66.9%

Vetra Exploración y Producción Colombia S.A., Partner WI 33.1%

The Mono Capuchino 1 exploration well was spud on December 17, 2016, reaching a total depth of 10,023 feet measured depth ("ft. md") before experiencing mechanical difficulties that required the well to be sidetracked. The Mono Capuchino 1ST reached a total depth of 10,245 ft. md within the La Luna formation on February 22, 2017. The well encountered approximately 103 feet of net oil pay within the Tertiary Basal Lisama sandstone reservoir, with average porosity of 22%, and approximately 406 feet of net oil pay within the Cretaceous La Luna formation, which consists of shales and limestones with average porosity of 15% and open fractures visible on image logs.

The Lisama sandstone reservoir interval was perforated between 5,691 and 5,884 ft md and flowed at a final stabilized rate 1,013 barrels of oil per day of 18° API oil, 70 barrels of water per day, and 0.3 million standard cubic feet per day of gas using a jet pump with an injection pressure of 3,000 psi over a 34 hour test period. The composition of the produced water indicates that it is power fluid for the jet pump and trace amounts of filtrate related to the drilling process and not formation water. Approximately 769 feet of open hole section within the La Luna was tested and recovered uncommercial heavy oil.

The Mono Capuchino 1ST well will be tied into the permanent production facilities located at Mono Arana and brought on full time production within the next 60 days.

2017 Near Term Drilling Program

Canahuate 1 Exploration Well

Esperanza E&P contract

Middle Magdalena Valley Basin, Colombia

CNE Oil and Gas S.A.S. Operator WI 100%

The Canahuate 1 exploration well was spud on March 24, 2017. The Canahuate 1 well is located 3 kilometers ("kms") north of the Corporation's Jobo gas processing facility and is targeting gas-bearing sandstones within the Cienaga de Oro reservoir. Over the past three years, six of the seven exploration wells drilled by the Corporation on its gas blocks, including the Esperanza E&P contract, have resulted in commercial gas discoveries. The Canahuate 1 well will take approximately 6 weeks to drill and test.

Pumara 1 Exploration Well

LLA23 E&P contract

Llanos Basin, Colombia

CNE Oil and Gas S.A.S. Operator WI 91%

The Corporation plans to spud the Pumara 1 exploration on March 31, 2017. The Pumara 1 exploration is located 3 kms north of the Labrador field and is targeting light oil bearing reservoirs within the proven producing C7, Mirador, Gacheta, and Ubaque reservoirs. Over the past four years, five of the six exploration wells drilled by the Corporation on the LLA23 contract have resulted in commercial producing light oil discoveries. The Pumara 1 well will take approximately 5 weeks to drill and test, and if successful will be placed on permanent production via the Corporation's oil processing facilities located at Pointer.

Canacol is an exploration and production company with operations in Colombia, Ecuador and Mexico. 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.

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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