Canacol Energy Ltd. Announces 2014 Production Guidance and US$ 150 Million Capital Program

CALGARY, ALBERTA--(January 23, 2014) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to provide its 2014 capital program and production guidance. The Corporation plans to spend net capex of US$ 150 million in calendar 2014 on drilling, work overs, seismic, production facilities, and pipelines in Colombia and Ecuador, and anticipates net average production before royalties of between 11,500 and 12,500 barrels of oil equivalent per day ("boepd"), which represents a 30% to 40% increase from average 2013 production of 8,796 boepd which consisted of 5,827 barrels of oil per day ("bopd") and 17.2 million standard cubic feet of gas per day ("mmscfpd") (2,969 boepd) gas. The production split for 2014 is expected to be approximately 70% oil and 30% gas.

Average net Corporate production before royalty for the month of December 2013 was 10,550 boepd which consisted of 7,474 bopd oil and 17.8 mmscfpd (3,076 boepd) gas. Average net Corporate production for period October 1 to December 31 2013 was 10,095 boepd, which consisted of 6,998 bopd oil and 18 mmscfpd (3,097 boepd) gas.

Charle Gamba, President and CEO of Canacol, stated "2013 was a year of strong production growth for the Corporation largely driven by new oil discoveries made in late 2012 and brought on stream in 2013. In 2014 the Corporation will again focus on bringing new discoveries made in 2013, specifically Mono Arana and Leono, on stream and cash flowing. For 2014 the Corporation will focus on 1) building out production from the recent Leono and Mono Arana oil discoveries in Colombia and from the Libertador - Atacapi fields in Ecuador in order to continue to deliver strong production growth, 2) executing a significant oil and gas focused conventional exploration program in Colombia targeting relatively low risk prospects on its blocks in the Llanos, Upper Magdalena, Lower Magdalena, and Caguan-Putumayo Basins to set up production growth for 2015 and beyond, and 3) continuing to de-risk its extensive shale oil position via the flow testing of the La Luna shale in the Mono Arana 1 well and additional new drills on our blocks in the Middle Magdalena Basin to increase the value of the 250,000 net acres the Corporation controls in this play."

In calendar 2014, the Corporation plans to drill 36 gross development wells (8 net) and work over 13 existing producing wells in its oil fields located in Colombia and Ecuador in order to continue strong production growth. The focus for calendar 2014 oil production growth is on high netback oil primarily from the Corporation's Labrador, Leono, Mono Arana, and Libertador-Atacapi fields. Tariff oil production from the Libertador-Atacapi field is anticipated to yield net average production of approximately 1,600 bopd. Net before royalty gas production from the Esperanza field located in Colombia is anticipated to average approximately 3,000 boepd.

In calendar 2014, the Corporation plans to drill 11 gross (7.2 net) exploration wells on its blocks in Colombia and Ecuador targeting a management estimate of 89 million net barrels oil equivalent unrisked (32 million barrels oil equivalent risked) of mean prospective oil and gas resource. Oil exploration drilling activities for 2014 will focus on the Corporation's LLA 23 block, where the Corporation has achieved recent exploration success with the Labrador and Leono oil discoveries, and the Cano Los Totumos block in the Llanos Basin, the VMM2 block, where the company made the Mono Arana oil discovery, the VMM3 and Santa Isabel blocks in the Middle Magdalena Basin, and the Ombu block in the Caguan Putumayo Basin. Conventional gas exploration will focus on the Corporation's Esperanza block in the Lower Magdalena Basin. Nonconventional oil exploration will focus on the VMM2 and VMM3 blocks located in the Middle Magdalena Basin, where the Corporation holds interests in 250,000 net acres of prospective shale oil acreage.

The Corporation plans to spend approximately US$ 117 million net capex on its activities in Colombia, and approximately US$ 33 million net capex on its activities in Ecuador. Funding for the 2014 capital program is expected to come from existing working capital, operating cash flows and debt facilities.

*Canacol is an international oil and gas exploration and production Company based in Canada, with operations focused in Colombia and Ecuador. Canacol is listed on the Toronto Stock Exchange in Canada (*CNE.TO*) and on the Bolsa de Valores in Colombia (BVC:CNEC). Public information concerning the Company can be found on* www.sedar.com *and on* www.superfinanciera.gov.co*.*

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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