



**Canacol Energy Ltd. Announces Filing of Final Prospectus for
Bought Deal Prospectus Offering**

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CALGARY, ALBERTA (May 16, 2014) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNE.C) is pleased to announce that it has filed with the applicable Canadian securities regulators the final prospectus for its previously announced short form prospectus offering (the "**Bought-Deal Offering**") in respect of an underwritten bought-deal financing for aggregate gross proceeds of \$125,001,700. The Bought-Deal Offering is being led by Canaccord Genuity Corp. and includes a syndicate of underwriters consisting of TD Securities Inc., CIBC, Cormark Securities Inc., Desjardins Securities Inc., GMP Securities L.P. and Mackie Research Capital Corporation (collectively, the "**Underwriters**"). A total of 15,823,000 common shares of the Corporation ("**Common Shares**") will be issued under the Bought-Deal Offering at the offering price of \$7.90 per Common Share. The Corporation has also granted an over-allotment option to the Underwriters for the purchase of up to an additional 2,373,450 Common Shares (representing 15% of the total Bought-Deal Offering) at the offering price of \$7.90 per Common Share exercisable until 30 days from the closing of the Bought-Deal Offering for additional gross proceeds of up to \$18,750,255. The prospectus has been filed in each of the Provinces of Canada other than Québec and the Corporation expects that the Bought-Deal Offering will be completed on or about May 27, 2014.

The net proceeds to the Corporation from this Bought-Deal Offering, prior to the exercise of the Over-Allotment Option, are estimated to be \$119,126,623.50 after deducting the Underwriters' fee of \$5,625,076.50 and the estimated expenses of this Bought-Deal Offering of \$250,000. The Corporation intends to use the net proceeds from the Bought-Deal Offering to fund future capital expenditure activities in Colombia and for general corporate and working capital purposes. The Corporation's on-going capital expenditures are expected to be incurred in connection with drilling, completion and equipping operations by the Corporation, as well as land, seismic, facilities construction and property purchases, all relating to the Corporation's capital exploration and development program.

The following is an approximate breakdown of the proposed use of the net proceeds of the Bought-Deal Offering:

<u>Activity</u>	<u>Cost (\$)</u>
2014 capital expenditure activities: two exploration wells and seven development wells on the LLA 23 E&P and Santa Isabel contracts	62,900,000.00
Future unallocated capital expenditure activities, working capital and general corporate expenses	56,226,623.50
Total	\$119,126,623.50

The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an available exemption from the registration requirements thereof. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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, including statements relating to the Bought-Deal Offering. 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 the closing of the Bought-Deal Offering. 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 capital market transactions, 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.

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