



Canacol Energy Ltd. Closes \$125 Million Bought Deal Equity Financing

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Calgary, Alberta (May 27, 2014) – Canacol Energy Ltd. (“Canacol” or the “Corporation” - TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that it has closed a bought deal equity financing announced on May 6, 2014. The Corporation issued 15,823,000 common shares of Canacol (the “Common Shares”) at a price of \$7.90 per Common Share for gross proceeds of \$125,001,700 (the “Offering”). The Offering was underwritten by a syndicate of underwriters led by Canaccord Genuity Corp. and including TD Securities Inc., CIBC World Markets Inc., Cormark Securities Inc., Desjardins Securities Inc., GMP Securities L.P. and Mackie Research Capital Corporation (collectively, the Underwriters”).

The Corporation granted the Underwriters an option to purchase up to 15% additional Common Shares (the “Over-Allotment Option”), exercisable for a period of 30 days following the date of closing to cover over-allotments, if any.

Canacol plans to use approximately \$62.9 million of the net proceeds from the Offering to expand its calendar 2014 capital program, including two additional exploration wells and seven additional development wells on the Corporation’s LLA-23 and Santa Isabel E&P contracts, while the remainder is expected to be used for future capital expenditure activities, working capital and general corporate expenses.

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.

About Canacol Energy Ltd.

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.

Forward-Looking Statements

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.

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