



Canacol Energy Ltd. Announces 6,140 BOEPD in New Gas Sales Contracts and 44% Increase in 2P Gas Reserves in Colombia

CALGARY, ALBERTA - (February 20, 2014) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce the execution of two new gas sales contracts and a related 44% increase in 2P gas reserves at its 100% operated Nelson gas field located on the Esperanza Exploration and Production ("E&P") Contract in the Lower Magdalena Basin of Colombia. The increase in reserves is attributable to increased expected gas sales nominations with the execution of the new gas sales contracts. Under the terms of the two new sales contracts, Canacol will provide 35 million standard cubic feet per day ("mmscfd") (6,140 barrels of oil equivalent per day) for a 5 year period commencing in December 2015 at a price of US\$ 5.40 /million British thermal units ("mmbtu"). Canacol currently sells approximately 18 mmscfd (3,158 barrels of oil equivalent per day) to a local ferronickel producer under a 10 year contract that expires in 2021. The Nelson field contains sufficient reserves to satisfy both the existing and the new sales contracts for the life of the contracts. The Corporation also announces that it plans to commence a 3 well gas exploration program on the Esperanza E&P contract in June 2014, each of the wells targeting large gas prospects situated close to the Nelson field and existing pipeline and processing infrastructure.

Charle Gamba, President and CEO of Canacol, commented "The acquisition of Shona in 2012 is paying dividends, with the new gas contracts tripling current expected gas production and associated cash flow by late 2015, all from the existing reserves base we have proven up at the Nelson field and with only minimum additional capital investment. We continue to aggressively seek new and innovative gas contracts like these to commercialize both our existing gas reserves base as well as potential new gas resources from our large inventory of drill ready exploration prospects at Esperanza. With the objective of continuing to grow our successful gas strategy in Colombia, the company plans to execute a 3 well gas exploration program around the Nelson field area starting mid-June 2014, targeting significant potential gas resources that are situated close to Canacol operated facilities and transportation infrastructure. All of the necessary drilling permits for this program are in hand, and civil works are planned to commence in March."

Nelson Gas Reserves Update

Net Before Royalty Volumes in BCF and MMBOE Pre-tax NPV-10s in millions of US dollars	Collarini and Associates			6 months Production		DeGolyer & MacNaughton		
	30-Jun-2013			July 1 to December 31, 2013		31-Dec-2013		
	Reserves BCF	Reserves MMBOE*	Pre-tax NPV-10	BCF	MMBOE	Reserves BCF	Reserves MMBOE*	Pre-tax NPV-10
Total proved (1P)	47.8	8.4	\$ 124.7	3.1	0.5	103.1	18.1	\$ 267.1
Probable	30.1	5.3	39.1	3.1	0.5	8.7	1.5	56.4
Total proved plus probable (2P)	77.9	13.7	\$ 163.8	3.1	0.5	111.8	19.6	\$ 323.5
Possible	74.5	13.1	165.6	3.1	0.5	8.8	1.5	19.5
Total proved plus probable plus possible (3P)	152.4	26.7	\$ 329.4	3.1	0.5	120.6	21.2	\$ 343.0

*BOE conversion using 5.7Mcf: 1 bbl, as required by the Ministry of Mines and Energy of Colombia

The numbers in this table may not add exactly due to rounding

The reserves evaluations, effective June 30, 2013 and December 31, 2013, were conducted by the Corporation's independent reserves evaluators Collarini Associates and DeGolyer and MacNaughton, respectively, and are in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. The reserves are provided on a net before royalty basis in units of millions of barrels of oil equivalent using a forecast price deck for gas and oil, adjusted for crude quality, in US dollars. The estimated values may or may not represent the fair market value of the reserve estimates.

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. 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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