
Canacol Energy Ltd. Encounters 172 feet of Oil Pay in Basal Lisama at Mono Arana 2 Appraisal Well in Colombia

CALGARY, ALBERTA - (January 28, 2014) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to announce the results of the Mono Arana 2 appraisal well located on the VMM2 Exploration and Production Contract in the Middle Magdalena Valley of Colombia. The Mono Arana 2 appraisal well was spud on December 10, 2013 and Canacol's petrophysical analysis of the open hole logs indicates that the well encountered 244 feet measured depth ("ft md") of oil pay in 2 conventional sandstone reservoirs within the Tertiary Lisama Formation. The Mono Arana 2 well was designed to test the oil potential of the Tertiary Basal Lisama sandstone reservoir which production tested approximately 1,043 barrels of oil per day gross in the Mono Arana 1 discovery well located 0.7 kilometers to the north of the Mono Arana 2 well.

Charle Gamba, President and CEO of Canacol, commented "We are pleased to have encountered a thicker section of Basal Lisama sandstone oil pay in Mono Arana 2 than we encountered in the Mono Arana 1 discovery well without encountering any sign of bottom water. This indicates that the Basal Lisama pool is larger than we had anticipated based only on the Mono Arana 1 well results, and we eagerly await the results of the 5 remaining appraisal wells to define the size of this significant oil discovery, 2 of which are in fulfilment of ANH requirements. In any case, we anticipate that Mono Arana, along with our recent Leono light oil discovery in the Llanos basin, will be important drivers for production growth throughout 2014".

The Mono Arana 2 well has been drilled and cased to a depth of 6,570 feet measured depth ("ft md") within the Tertiary Umir Formation. The top of the Lisama Formation was penetrated at a depth of approximately 5,498 ft md, and that of the Basal Lisama reservoir at 5,884 ft md. Based on Canacol's petrophysical analysis of the openhole logs run across the interval, the Lisama contains approximately 244 ft of net oil pay in 2 main zones: 72 ft of potential oil pay within the Upper Lisama reservoir with an average porosity of 20%, and 172 ft of net oil pay within the Basal Lisama reservoir with average porosity of 19%. The Mono Arana 2 well has been equipped with a jet pump and will be placed on long term production test subject to receipt of approval from the Agencia Nacional de Hidrocarburos.

The remaining appraisal program consists of the drilling of up to 5 wells and the construction of production facilities related to the appraisal and development of the Tertiary aged Lisama sandstone at Mono Arana. The next appraisal well, Mono Arana 5, was spud on January 17, 2014 and will be drilled to a depth of approximately 7,078 ft md to test the oil potential of the Lisama reservoir approximately 1.1 kilometers to the northwest of the Mono Arana 2 appraisal well. The Corporation shall provide operations updates as relevant information becomes available.

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 and the Colombia Stock Exchange under ticker symbol CNE and CNEC, 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.

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