
Canacol Energy Ltd. Tests 1,863 BOPD Light Oil at Leono 1 Discovery in Colombia

CALGARY, ALBERTA - (December 16, 2013) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to announce the first flow test result from the Leono 1 exploration well located on the LLA23 Exploration and Production ("E&P") Contract in the Llanos Basin of Colombia. As previously reported, the Leono 1 well encountered 133 feet ("ft") of net oil pay in four separate reservoirs. The Corporation has an 80% operated working interest in the LLA23 contract, with Petromont Colombia S.A. Sucursal Colombia holding the remaining 20% interest.

The Leono 1 well was spud on November 9, 2013 and reached a total depth of 11,995 feet measured depth ("ft md") on November 26, 2013 with strong oil and gas shows encountered while drilling through the primary reservoir targets. The well encountered 133 ft of net oil pay in the following reservoirs: 13 ft of net oil pay within the C7 reservoir with an average porosity of 19 %, 27 ft of net oil pay within the Barco reservoir with an average porosity of 18%, 69 ft of net oil pay within the Gacheta reservoir with an average porosity of 20%, and 24 ft of net oil pay within the Ubaque reservoir with an average porosity of 24%.

The Barco reservoir was perforated from 10,584 – 10,600 ft md and flowed at a stable gross rate of 1,863 barrels of oil per day ("bopd") (1,490 bopd net) of 35° API oil @ 113° F with 17% water cut using a jet pump set to 2,400 pounds per square inch injection. Water cut fell throughout the course of the test and management believes the produced water to be related to completion fluids used to the drill the well.

The Corporation is currently preparing to conduct production testing operations on the Gacheta reservoir. Once the production test has been completed the Corporation anticipates bringing the Leono 1 well onto long term production subject to the approval of the Agencia Nacional de Hidrocarburos, which the Corporation anticipates will occur in late December 2013. Immediately upon completion of testing operations at Leono 1, Canacol is planning to drill four appraisal wells at Leono, the formal evaluation program for which is presently being prepared for submission to the ANH as required, and will provide updates when 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 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.

Data obtained from the initial testing results at the well identified in this press release, including barrels of oil produced and levels of water-cut, should be considered to be preliminary until a further and detailed analysis or interpretation has been done on such data. The well test results obtained and disclosed in this press release are not necessarily indicative of long-term performance or of ultimate recovery. The reader is cautioned not to unduly rely on such results as such results may not be indicative of future performance of the well or of expected production results for the Corporation in the future.

For further information please contact:

Investor Relations

888-352-0555

Email: IR@canacolenergy.com

Website: canacolenergy.com