
Canacol Energy Ltd. Provides Production Update

CALGARY, ALBERTA - (August 2, 2013) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to provide an update of its Corporate production from Colombia and Ecuador. For the month of July 2013, average net Corporate production before royalties was approximately 10,120 barrels of oil equivalent per day ("boepd") which consisted of approximately 7,027 bopd of crude oil and approximately 17.6 million standard cubic feet per day ("mmscf/d") (3,093 boepd) of gas. For the months of May and June 2013, average net Corporate production before royalties was approximately 8,616 boepd which consisted of approximately 5,794 bopd of crude oil and approximately 16.3 mmscf/d (2,822 boepd) of gas. The increase in Corporate production in July comes primarily from the Corporation's Labrador oil discovery on the LLA23 block, the Libertador – Atacapi fields in Ecuador, and from increased volumes associated with the Corporation's Nelson gas field.

Charle Gamba, President and CEO of the Corporation, commented "We are pleased that our development and exploration drilling programs have yielded the expected results, with production building steadily through the year according to plan. We expect production to build through the remainder of the year, and anticipate more good news on the exploration front from our remaining drills for calendar 2013."

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. Information and guidance provided herein supersedes and replaces any forward looking information provided in prior disclosures. 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. Other risks are more fully described in the Corporation's most recent Management Discussion and Analysis, which is incorporated herein by reference and is filed on www.sedar.com. Average production figures for a given period are derived using arithmetic averaging of fluctuating historical production data for the entire period indicated and, accordingly, do not represent a constant rate of production for such period and are not an indicator of future production performance. Detailed information in respect of monthly production in the fields operated by the Corporation in Colombia is provided by the Corporation to the Ministry of Mines and Energy of Colombia and is published by the Ministry on its website; a direct link to this information is provided on the Corporation's website. References to "net" production refer to the Corporation's working-interest production before royalties.

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.

For further information please contact:

Investor Relations

888-352-0555

Email: IR@canacolenergy.com

Website: canacolenergy.com