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## Canacol Energy Ltd. Provides Operations Update for the VMM2 E&P Contract in Colombia

CALGARY, ALBERTA - (November 20, 2013) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to announce the commencement of appraisal drilling at its Mono Arana oil discovery located on the VMM2 Exploration and Production ("E&P") Contract in the Middle Magdalena Valley of Colombia. As announced on January 24, 2013, the Mono Arana 1 exploration well encountered 85 feet ("ft") of net oil pay within the shallow Tertiary Lisama sandstone reservoir and 230 ft of potential net oil pay within the deeper Cretaceous La Luna Formation. After long term production testing of the shallow Lisama reservoir, the Corporation and its partners have approved an up to 6 well appraisal drilling program to delineate and develop the shallow Lisama discovery. The Corporation has a 20% working interest in the VMM2 contract, and has recently negotiated a contractual right to an additional 20% of the crude production from the Tertiary section from one of the partners. Subject to approval by the Agencia Nacional de Hidrocarburos, it is intended that the contractual right be converted to a formal additional working interest.

Two intervals in the Lisama within the Mono Arana 1 well were production tested over a period of three months commencing in March 2013 and terminating in June 2013. The Lower Lisama interval between 5,509 – 5,540 feet measured depth ("ft md") was tested for a period of 31 days and produced at a gross average rate of 727 barrels of oil per day ("bopd") of 21° API oil, 2 barrels of water per day ("bwpd") and 128,000 standard cubic feet per day ("scfpd") of gas. The Upper Lisama interval between 5,392 – 5,408 ft md was then tested for a period of 21 days and produced at an average rate of 703 bopd of 21° API oil, 2 bwpd, and 66,400 scfpd of gas. Finally, the two intervals were comingled and tested for a period of 28 days and produced at a gross average rate of 1043 bopd, 2 bwpd, and 271,000 scfpd of gas. All of the tests involved a jet pump using injection pressures between 1,400 to 3,400 pounds per square inch.

The appraisal program consists of the drilling of up to 6 wells and the construction of production facilities related to the appraisal and development of the Tertiary aged Lisama discovery at Mono Arana. The first appraisal well, Mono Arana 2, is anticipated to spud the first week of December 2013 and is anticipated to be drilled to a depth of approximately 6,675 ft md to test the oil potential of the Lisama reservoir approximately 0.6 kilometers to the south of the Mono Arana 1 discovery well.

In addition to the shallow drilling program at the Mono Arana discovery, production testing of the deeper Cretaceous La Luna Formation within the Mono Arana 1 well is anticipated to commence in December 2013. The Corporation shall provide updates of both operations 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. 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.

*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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