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***Canacol Energy Ltd. Announces Increased Interest in
LLA 23 and Santa Isabel E&P Contracts in Colombia***

CALGARY, ALBERTA - (February 14, 2012) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX: CNE) (BVC: CNEC) is pleased to announce that its subsidiary, Carrao Energy Sucursal Colombia ("Carrao Colombia"), has acquired an additional 9% and 10% interest in the LLA 23 and Santa Isabel Exploration & Production ("E&P") contracts, respectively. Following the closing of the transaction, Carrao Colombia holds an 80% interest in the LLA 23 contract and a 100% interest in the Santa Isabel contract.

Charle Gamba, President and CEO of Canacol, stated "LLA 23 provides a light oil prospect inventory with the potential to add significant reserves and early cash flow that we have identified on the basis of the existing seismic and proprietary knowledge related to our activities at Rancho Hermoso field. Santa Isabel offers a new core area for Canacol with exposure to a potential large, high quality unconventional oil shale play. Increasing our interest in both contracts prior to drilling has the potential to yield significant value to the Corporation."

LLA 23 (80% interest, 92,011 net acres)

Located in the Llanos basin, operated LLA 23 contract is situated immediately north of and adjacent to the Rancho Hermoso field. The Corporation has mapped an extension of the Rancho Hermoso fault trend north onto this contract, and has mapped three prospects using the available 2D seismic. The Corporation anticipates stacked pay potential on LLA 23, as is the case at the Rancho Hermoso field. LLA 23 offers significantly better ANH fiscal terms with 2-3 times better netbacks and reserve valuations than those available under the Rancho Hermoso tariff and non-tariff contracts. In early March 2012, the Corporation plans to re-enter the Agueda-1 well on the LLA 23 contract to test 47 feet of bypassed potential pay oil pay identified in the C7 reservoir interval.

Santa Isabel (100% interest, 101,542 net acres)

Located in the Middle Magdalena basin, the Santa Isabel contract is one of three contracts that expose Canacol to a potentially large, unconventional oil shale fairway in the thick Cretaceous La Luna formation analogous to the Eagle Ford formation, which underlies much of south and east Texas. This unconventional play type has received considerable attention from international resource play operators in recent months and is an area of emphasis in the upcoming 2012 Colombia Bid Round. Additionally, Ecopetrol is targeting over 25,000 barrels of production per day from the Middle Magdalena unconventional shale fairway by 2015.

Key Transaction Terms

Carrao Colombia acquired additional interests in LLA 23 and Santa Isabel contracts from Green Power Sucursal Colombia ("Green Power"), a subsidiary of Trayectoria Oil and Gas S.A. ("Trayectoria") and an affiliate of Petrolera Monterrico S.A., for the purchase price of US \$2.5 million and US \$2.0 million respectively ("Purchase Price"). Carrao Colombia also agreed to the provision of certain secured loans to Trayectoria and its affiliates (the "Loans").

The Purchase Price was paid in common shares of the Corporation ("Common Shares") at a deemed price of \$0.8852 per Common Share, equal to the volume weighted average trading price of Common Shares for the twenty day period ending on the day prior to the date the parties signed the assignment agreements respecting the Transaction (the "Consideration Shares"). The Corporation issued 5,057,162 Consideration Shares in satisfaction of the Purchase Price. The Consideration Shares were pledged as security for the Loans (the "Security"). The Loans

are due within 90 calendar days following the closing date. If Trayectoria fails to repay the Loans when due, the Security shall be deemed to have been transferred to Canacol by way of set off as repayment of the Purchase Price.

Prior to completion of the Transaction, Canacol had 618,302,428 Common Shares issued and outstanding.

The Transaction remains subject to ordinary TSX filings post closing. Application has been made to the National Agency of Hydrocarbons of Colombia for formal recognition of the Corporation's total 80% interest in the LLA 23 contract and 100% interest in the Santa Isabel contract.

Canacol is a Canadian-based international oil and gas corporation with operations focused in Colombia and Ecuador. Canacol is publicly traded on Toronto Stock Exchange (TSX: CNE) and the Bolsa de Valores de Colombia S.A (BVC: CNEC). The Corporation's public filings may be found at www.sedar.com.

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 timing for completion of the transaction and anticipated benefits results from the transaction described in this press release. 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.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by Canacol and described in the forward-looking information. The material risk factors affecting Canacol and its business are contained in Canacol's Annual Information Form, which is available under Canacol's issuer profile on Sedar (www.sedar.com).

The forward-looking information contained in this press release is made as of the date hereof and Canacol undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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