



Canacol Energy Ltd. Provides Production and Operations Update

CALGARY, ALBERTA - (August 5, 2014) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to provide the following update concerning its production and drilling operations in Colombia and Ecuador. Average net production before royalties for the period April 1 to June 30 2014 was 12,212 barrels of oil equivalent per day ("boepd"), which consisted of 9,271 barrels of oil per day ("bopd") and 16.7 million standard cubic feet per day ("mmscfpd") (2,941 boepd) of gas. This reflects an increase of 12% from the previous quarter and an increase of 47 % year over year. Average net production before royalties for the month of July 2014 was 13,274 boepd, which consisted of 10,102 bopd and 18.1 mmscfpd (3,172 boepd) of gas.

Esperanza E&P Contract (Lower Magdalena Basin - Colombia)

The Corporation has completed the drilling of the Palmer 1 gas exploration well and is preparing to run casing in preparation of production testing the primary Cienaga de Oro sandstone reservoir objective. Upon the completion of the testing at Palmer 1 the Corporation plans to spud the second of three planned exploration wells targeting the Cienaga de Oro reservoir, Corozo 1, in early September 2014 subject to approval by the Agencia Nacional de Hidrocarburos ("ANH"). The Corporation plans to commence the drilling of the third exploration well, Canandonga 1, in November 2014.

LLA23 E&P Contract (Llanos Basin- Colombia)

The Corporation has completed the drilling of the Pantro 2 appraisal well and is currently production testing several reservoirs. Upon completion of the production testing of the Pantro 2 appraisal well, the Corporation plans to spud the Tigro 1 exploration well in mid-August 2014. The Corporation spud the Pointer 1 exploration well on July 28, 2014, and expects results in late August 2014. The Corporation plans to drill an additional 7 wells on LLA23 throughout the remainder of calendar 2014, which includes the Maltes 1 exploration well, subject to approval by the ANH.

Santa Isabel E&P Contract (Middle Magdalena Basin – Colombia)

The Corporation has completed the drilling of the Oso Pardo 2 well and is running casing in preparation of production testing the primary Umir sandstone reservoir objective. The Corporation plans to spud the Oso Pardo 3 appraisal well subject to the approval of the ANH in late August 2014, which will also target production from the Umir sandstone reservoir. Based upon the positive results achieved by the Morsa 1 and Oso Pardo 2 wells, the Corporation plans to drill an additional exploration well, Navarl 1, prior to year end calendar 2014 subject to the approval of the ANH.

Libertador-Atacapi Field (Oriente Basin - Ecuador)

The Corporation completed the drilling of the Shushuqui 23 development well in the Libertador-Atacapi field and tested 3,534 bopd gross (884 bopd net) of 30° API oil with a 3% water cut from the Cretaceous T sandstone reservoir over a 23 day flow period. The Shushuqui 23 well is the 5th of 10 planned development wells completed in the Libertador-Atacapi field so far in calendar 2014.

Ombu E&P Contract (Putumayo / Caguan Basin - Colombia)

The Corporation has completed the drilling of the Capella P88H horizontal production well located in the Capella heavy oil field and is preparing to bring the well onto production. The well is the 11th of 20 planned development wells drilled in Capella by the Corporation so far in calendar 2014.

The Corporation 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, the OTCQX in the United States of America, and the Colombia Stock Exchange under ticker symbol CNE, CNNEF, 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.

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