



Canacol Energy Ltd. Announces Strategic Financing with Apollo Investment Corporation

CALGARY, ALBERTA – (October 29, 2014) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; OTCQX:CNNEF; BVC:CNEC) is pleased to announce that it has established a financing relationship with Apollo Investment Corporation (NASDAQ: AINV) (or "Apollo Investment") to finance its investment in oil and gas properties in Colombia and Latin America. As a result, the Corporation has entered into a US\$ 100 million unsecured floating rate senior note indenture agreement (the "Senior Notes"), with US\$ 50 million drawn and funded today, and a further US\$ 50 million committed and available to be drawn at any time within 18 months at the sole discretion of Canacol, subject only to customary closing conditions.

Charle Gamba, President and CEO of Canacol commented: "Combined with our fiscal year-end current cash position of US\$ 170 million, Canacol is well positioned to pursue and execute opportunities in Colombia and elsewhere in Latin America. We are excited to partner with Apollo Investment given its strong track record and look forward to pursuing additional opportunities with their support. Given our recent exploration successes for both light oil and gas, these funds also provide Canacol with a flexible option to pursue accelerated growth within our diverse portfolio."

Ted Goldthorpe, President of Apollo Investment, commented, "We look forward to supporting Canacol and its outstanding team that combines Latin American knowledge and relationships with strong technical expertise and practices. We believe this investment will further our strategy of financing talented, experienced teams who can derive value from physical assets."

Terms and Strategic Rationale

The Senior Notes are repayable in full on their maturity date of December 31, 2019 and carry interest at LIBOR plus 8.5% per annum (subject to a LIBOR floor of 1.0%), payable quarterly. For the immediate term the blended interest cost of the existing senior secured term loan combined with the Apollo Senior Notes is expected to average approximately 6% per annum from now through the end of fiscal 2015, which is consistent with or below interest rates for alternate debt instruments for the level of debt outstanding. Additionally, the Corporation's current debt structure carries the advantages of strong bi-lateral relationships with supportive financial partners, including both the senior secured term loan syndicate banks and Apollo Investment, as well as lower structuring and other costs. The Senior Notes may be repaid at any time prior to maturity and are subject to customary financial, performance and legal covenants. Standby fees on the undrawn portion of the Senior Notes are calculated at 1% per annum.

There are several reasons for entering into the relationship with Apollo Investment. First, Canacol's ongoing strategy includes the development of recent gas and light oil discoveries, along with various business development initiatives that require flexible funding structures, including potential new joint ventures. With the support of Apollo Investment, Canacol is better positioned to pursue and execute on such projects through flexible customized structures that benefit the Corporation and its shareholders.

Second, the Corporation's current senior secured term loan began amortizing by approximately US\$ 14.7 million quarterly in October 2014 and is currently scheduled to do so through its maturity in 2018. With the proceeds from the Apollo Investment Senior Notes, Canacol has obtained additional funds for current development expenditures, ensuring that the Corporation maintains a strong and liquid balance sheet. The lenders in Canacol's senior secured term loan have approved the Apollo Investment Senior Notes and are supportive of the Corporation's growth program. The Corporation expects to maintain this positive dialogue with its senior lending syndicate regarding its future growth needs, including additional funding. In the meantime, the Apollo Investment Senior Notes provide additional liquidity through 2015, while the Senior Notes themselves may also be amended from time to time, or repaid with minimal restrictions. The Corporation continues to maintain a strong and liquid balance sheet and remains in compliance with the terms of its debt facilities.

The Corporation plans on releasing its calendar 2015 capital program in December 2014.

About Canacol Energy Ltd.

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 symbols CNE, CNNEF, and CNEC, respectively.

About Apollo Investment Corporation

Apollo Investment Corporation (NASDAQ: AINV) is a closed-end investment company that has elected to be treated as a business development company under the Investment Company Act of 1940. Apollo Investment invests primarily in various forms of debt investments, including secured and unsecured loan investments, and/or equity in private middle-market companies. Apollo Investment may also invest in the securities of public companies and structured products and other investments such as collateralized loan obligations. Apollo Investment Corporation is managed by Apollo Investment Management, L.P., an affiliate of Apollo Global Management, LLC, a leading global alternative investment manager. For more information, please visit www.apolloic.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 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.

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