Canacol Energy Ltd. Encounters 133 feet of Net Oil Pay in the Leono 1 Exploration Well in Colombia

CALGARY, ALBERTA--(December 2, 2013) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to announce the results of the Leono 1 exploration well drilled on the LLA23 Exploration and Production ("E&P") contract located in the Llanos Basin of Colombia. Leono 1 is the second A3 exploration well the Corporation has drilled on the LLA23 contract following the Labrador discovery announced in late calendar 2012. The Corporation has an 80% operated working interest on the LLA23 contract with the other 20% interest held by Petromont S.A. Sucursal Colombia. The Leon 1 encountered 133 feet ("ft") of net oil pay within 4 different reservoirs, and the Corporation is currently preparing to conduct a series of production tests on the discovery.

Charle Gamba, President and CEO of the Corporation commented "Leono 1 is a significant success for the Corporation, our second in a row on the LLA23 block after the Labrador discovery drilled late last year. The thickness of the net oil pay section at Leono 1 is approximately twice that of Labrador, and rivals that of Rancho Hermoso, making Leono a major development project for the Corporation in calendar 2014. This fault trend we are drilling on LLA23 is shaping up to be a materially productive one for the Corporation, with several other prospects along this trend yet to be drilled. With a diverse and growing production base located in 5 different basins, and an unrivalled exploration position in Colombia of 1.6 million net acres that has delivered solid exploration discoveries, the Corporation is positioned for significant production and reserves growth in 2014."

The Leono 1 well was spud on November 9, 2013 and reached a total depth of 11,995 feet measured depth ("ft md") on November 26, 2013 with strong oil and gas shows encountered while drilling through the primary reservoir targets. The well encountered 133 ft of net oil pay in the following reservoirs: 13 ft of net oil pay within the C7 reservoir with an average porosity of 19%, 27 ft of net oil pay within the Barco reservoir with an average porosity of 18%, 69 ft of net oil pay within the Gacheta reservoir with an average porosity of 20%, and 24 ft of net oil pay within the Ubaque reservoir with an average porosity of 24%.

The Corporation is currently preparing to conduct production testing operations on the Barco and Gacheta reservoirs. Once the production tests have been completed the Corporation anticipates bringing the Leono 1 well onto long term production subject to the approval of the Agencia Nacional de Hidrocarburos, which the Corporation anticipates will occur in late December 2013. Canacol is planning to drill four appraisal wells at Leono immediately following the testing operations at Leono 1, and will provide updates when relevant information becomes available.

Canacol is an exploration and production company with operations focused on 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.

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.

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