FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Canacol Energy Ltd. ("**Canacol**" or the "**Corporation**")
Suite 4500, 525 - 8th Avenue SW
Calgary, Alberta
T2P 1G1

2. **Date of Material Change**

May 6, 2014

3. **News Release**

A press release was disseminated on May 6, 2014 via CNW Group.

4. **Summary of Material Change**

Canacol entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. who have agreed to purchase, on a bought deal basis, 15,823,000 common shares of Canacol (the "**Common Shares**") at a price of $7.90 per Common Share for gross proceeds of $125,001,700 (the "**Offering**").

5. **Full Description of Material Change**

5.1 Full Description of Material Change

Canacol entered into an agreement with a syndicate of underwriters led by Canaccord Genuity Corp. who have agreed to purchase, on a bought deal basis, 15,823,000 Common Shares at a price of $7.90 per Common Share for gross proceeds of $125,001,700.

The Corporation will grant the underwriters an option to purchase up to 15% additional Common Shares, exercisable for a period of 30 days following the date of closing, to cover over-allotments, if any.

Canacol will use the net proceeds from the Offering to expand the Corporation's capital program and for general corporate purposes.

The Common Shares will be offered by way of a short form prospectus to be filed in of British Columbia, Alberta and Ontario and such other Canadian provinces and territories (excluding Quebec) as the underwriters and the Corporation may agree, acting reasonably. The Offering will also be sold in the United States on a private placement basis to Qualified Institutional Buyers pursuant to Rule 144A and in Europe and other eligible foreign jurisdictions in accordance with applicable regulations such that no prospectus, registration statement or similar document is required to be filed in any jurisdiction outside of Canada.

Closing of the Offering is expected to occur on or about May 27, 2014 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals including the approval of the Toronto Stock Exchange.

5.2 Disclosure for Restructuring Transactions

Not applicable.

6. **Reliance on Section 7.1(2) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

The name and business number of the executive officer of the Corporation who is knowledgeable about the material change and this report is:

Charle Gamba
President and Chief Executive Officer
Telephone: (403) 561-1648

9. **Date of Report**

May 7, 2014

Forward Looking Information

This material change report contains certain forward-looking statements within the meaning of applicable securities law, including statements relating to the Offering. 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 the closing of the Offering and the anticipated use of the net proceeds from the Offering. 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 capital market transactions, 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.