FOR IMMEDIATE RELEASE
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Canacol announces a 122% increase in revenue during the nine months ended March 31, 2010 compared to same period in 2009

Canacol Energy Ltd. ("Canacol" or the "Corporation"; TSX: CNE.V) announces that it has filed its interim quarterly financial statements for the three and nine months ended March 31, 2010 ("Financial Statements") and its Management Discussion and Analysis ("MD&A"). Copies of the filed documents may be obtained via SEDAR at www.sedar.com.

HIGHLIGHTS

Selected results outlined below should be read in conjunction with the Corporation's Financial Statements and related MD&A.

For the quarter ended March 31, 2010, the Corporation:

- Engaged Citivalores S.A. Sociedad Comisionista de Bolsa in Colombia ("Citi") to assist in facilitating the listing of Canacol on the Registro Nacional de Valores y Emisores in Colombia "RNVE", as well as on the Bolsa de Valores de Colombia "BVC". Both listings will qualify as secondary listings, and the Corporation's primary exchange will remain the TSX Venture Exchange.

- Announced a US$46 million capital budget in calendar 2010 for exploration and development activities in Colombia, Guyana and Brazil. The budget includes the drilling of 15 wells, which includes 3 exploration wells, one each in Colombia, Guyana and Brazil, and 3 appraisal and 9 development wells in Colombia. The budget also provided for the acquisition of 185 square km of 3D seismic and 160 km of 2D seismic in Colombia and Brazil, the building of a 2,000 barrel of fluid per day early production facility at the Capella discovery in Colombia, and the expansion of the Canacol operated Rancho Hermoso production facilities in Colombia. Although not included in the announced calendar 2010 budget, Canacol also plans to participate in the exploration bid round scheduled in Colombia for late June as a qualified operator.

- Provided an update on its workover program on its Rancho Hermoso 4 well, which tested at a combined gross rate of 2,339 bopd (580 bopd net) from 3 productive zones. The workover involved separately perforating and flow testing the Guadalupe and Los Cuervos Formations.

- Cased the Recio 1 exploration well as a potential oil discovery. The well is located on the Sierra Exploration and Production Contract in Colombia. The Corporation will stimulate and test in June two zones encountered while drilling, both of which showed good oil and gas shows.

- Rancho Hermoso 5 well, drilled in late 2009, is currently producing 36o API light oil at a rate of 5,150 bbl/d gross (1,167 bbl/d net) from the Los Cuervos reservoir using an electro submersible pump. The Los Cuervos reservoir was placed on production in late February 2010, and has been on constant production to date with a water cut less than anticipated. The underlying Guadalupe reservoir was tested at a final stable rate of 1,037 bbl/d gross (234 bbl/d net) of 34o API oil from January to mid February 2010, and was isolated in order to test the overlying Los Cuervos reservoir.

Subsequent to the quarter ended March 31, 2010, The Corporation:

- Entered into the following financial WTI oil collar under the following terms:

Period	Volume	Type	Price Range
May 1, 2010 – August 31, 2011	500 bbls/day	Financial WTI Oil Collar	US$70.00 - US$100.45

- Executed a contract with Tuscany South America Limited to provide a drilling rig for its Guyana exploration well. The rig is currently being mobilized to location. Construction of the drilling pad, access roads and staging areas is complete and tubular and wellheads sufficient for 3 wells are on location.

- Spudded the Romero A1 well, the first of a 7 well drilling program at its Capella heavy oil discovery in Colombia. Also commenced the acquisition of 185 square kilometres of 3D development seismic over the field.

- Awarded the Cedrela Exploration and Production Contract by the Agencia Nacional de Hidrocarburos in Colombia. The Cedrela E&P Contract, approximately 129,418 hectares in size, is located approximately 50 kilometres directly southwest of the Ombu E&P Contract and contains 2 large structures similar in character to the Capella heavy oil discovery. The terms of the 6 year contract are as follows:

  Phase 1 Exploration Period: The Corporation will acquire, process, and interpret 250 kilometres of 2D seismic, and interpret all existing magnetic and gravity geophysical data. The duration of this phase is 18 months, with an anticipated cost of approximately US$5.4 million.

  Phase 2 Exploration Period: The Corporation will drill 1 exploration well. The duration of this phase is 18 months, with an anticipated cost of approximately US$2 million.

  Phase 3 Exploration Period: The Corporation will acquire, process, and interpret 60 square kilometres of 3D seismic. The duration of this phase is 18 months, with an anticipated cost of approximately US$3 million.

  Phase 4 Exploration Period: The Corporation will drill 1 exploration well. The duration of this phase is 18 months, with an anticipated cost of approximately US$2 million.

  Based upon the results of the Phase 1 Exploration Period activities, the Corporation has the option to proceed to the Phase 2 Exploration Period and associated activity or relinquish the contract.

- Closed a “bought deal” equity financing with a syndicate of underwriters co-led by Canaccord Financial Ltd. and First Energy Capital Corp. and including Cormark Securities Inc. and Mackie Research Capital Corporation (collectively the “Underwriters”), pursuant to which the Underwriters purchased 66,667,000 common shares of the Corporation (“Common Shares”) at $0.75 per common share and raised gross proceeds of $50 million (net $47.6 million) for the Corporation (the “Offering”). The Underwriters were also granted an over-allotment option to purchase, on the same terms as the Offering, up to an additional 10,000,050 common shares. This option was fully exercised in bringing additional gross proceeds of $7.5 million (net $7.125 million). Total equity proceeds aggregated $57.5 million gross (net $54.756 milion).

FINANCIAL RESULTS	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009	Nine Months Ended March 31, 2010	Nine Months Ended March 31, 2009
($000s), except share data				
Petroleum and natural gas sales, net				
Colombia [1]	3,874	1,200	8,463	2,071
Brazil [2]	1,322	767	2,541	2,942
Canada [3]	-	-	-	70
	5,196	1,967	11,004	5,083
Tariff revenue	1,673	1,069	4,741	2,039
Interest and other	172	123	1,127	490
Total revenue, recurring operations	7,041	3,159	16,872	7,612
Cash from (used in) recuring operating activities	(4,747)	(2,446)	(4,136)	1,736
Per share - basic and diluted	(0.01)	(0.02)	(0.02)	0.02
Net loss from continuing operations	(5,340)	(5,050)	(10,512)	(16,542)
Per share - basic and diluted	(0.02)	(0.04)	(0.04)	(0.16)
Capital expenditures				
Colombia [1]	2,126	1,875	12,276	4,689
Brazil [2]	1,689	39	2,316	1,803
Guyana	508	-	2,088	-
Canada [3]	-	(262)	82	(790)
	4,323	1,652	16,762	5,702
Total assets	97,565	87,958	97,565	87,958
Total long-term liabilities	17,811	13,828	17,811	13,828
Weighted average shares outstanding				
Basic (000s)	332,288	117,041	271,706	103,562
Basic and Diluted (000s)	332,288	117,041	271,706	104,911

[1] Colombian operations commenced on October 30, 2008.

[2] Brazil results were estimated based on Agencia Nacional do Petroleo "ANP" data.

[3] Canadian producing properties were sold effective January 1, 2009. Therefore there is no impact for the 3 month periods ended March 31, 2010 or 2009.

OPERATING RESULTS	Three Months Ended March 31, 2010		Three Months Ended March 31, 2009		Nine Months Ended March 31, 2010			Nine Months Ended March 31, 2009		
Production	Colombia	Brazil (1)	Colombia	Brazil	Colombia (2)	Brazil(1)	Canada (3)	Colombia (2)	Brazil	Canada (3)
Crude oil and NGLs (bbl/d)	729	128	318	133	455	114	-	325	134	1
Natural gas (mcf/d)	-	-	-	-	-	-	-	-	-	48
Total (boe per day)	729	128	318	133	455	114	-	335	134	9
Total tariff production (bbl/d)	1,549	-	1,157	-	1,525	-	-	1,354	-	-
Average sale prices										
Crude oil ($/bbl) (9)	64.94	72.50	47.87	71.79	67.93	72.10	-	45.69	100.25	-
Natural gas ($/mcf)	-	-	-	-	-	-	-	-	-	-
Oil equivalent ($/boe)	-	-	-	71.79	-	-	-	-	100.25	46.82
Operating netback ($/boe)										
Commodity sales revenue	64.94	72.50	47.87	71.79	67.93	72.10	-	45.69	100.25	46.82
Tariff revenue (4)	17.15	-	10.27	-	14.42	-	-	10.92	-	-
Non-refundable sales taxes	-	(7.05)	-	(1.78)	-	(4.14)	-	-	(4.46)	-
Realized gain on financial derivative	-	-	-	44.90	-	-	-	-	-	-
Royalties (5)	(5.20)	(5.97)	(3.83)	(6.05)	(5.43)	(6.21)	-	(3.66)	(8.26)	(5.17)
Transportation & processing (6)	(4.18)	(14.94)	(4.75)	(23.59)	(3.37)	(14.28)	-	(6.56)	(20.68)	-
Well workover & repair	(0.03)	(3.05)	(0.03)	(2.38)	(0.73)	(2.54)	-	(0.03)	(2.00)	-
MEP work unit provision	-	(3.87)	-	(4.61)	-	(3.22)	-	-	(4.53)	-
Operating expenses (7)	(11.95)	(29.08)	(10.11)	(37.41)	(12.36)	(28.80)	-	(12.23)	(36.49)	(11.48)
Netback (8)	43.58	8.54	29.15	40.87	46.04	12.91	-	23.21	23.83	30.17

(1) Brazil results were estimated based on Agencia Nacional do Petroleo "ANP" data.

(2) Colombian operations commenced on October 30, 2008.

(3) Canadian producing properties were sold effective January 1, 2009. Therefore there is no impact for the 3 month periods ended March 31, 2010 or 2009.

(4) Colombian Tariff revenue includes transportation revenue included in "other revenue".

(5) Royalties apply to non-tariff oil production.

(6) Colombian transportation and processing charges relate to non-tariff production.

(7) Colombian operating expenses relate to both tariff and non-tariff oil production volumes.

(8) "Netback " per boe is calculated as revenues net of sales taxes and royalties, less transportation & processing charges, well workover and repair and operating expenses and then divided by boes produced. Netbacks do not have a standard meaning prescribed by GAAP and therefore may not be comparable to similar measures used by other companies. Management feels this is a useful metric as it is a common metric used by other companies operating in the oil and gas industry in order to provide a comparison of relative overall performance between companies. Management uses the metric to assess the Corporation's overall performance relative to that of its competitors and for internal planning purposes.

Canacol is a Canadian based international oil and gas corporation with operations in Colombia, Brazil and Guyana. Canacol is publicly traded on TSX Venture Exchange (TSXV: CNE). The Corporation's public filings may be found at www.sedar.com.

This press release may contain statements within the meaning of safe harbour provisions as defined under Securities Laws and Regulations. The above statements are based on the current expectations and beliefs of Canacol's management and are subject to a number of risks and uncertainties that may cause the actual results to differ materially from those described above.

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. 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. A barrel of oil equivalent (boe) is derived by converting gas to oil in the ratio of six thousand cubic feet of gas to oil and may be misleading, particularly if used in isolation. A boe conversion is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead, especially in various international jurisdictions.

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