



## Canacol Energy Ltd. Provides Colombian Operations Update

CALGARY, ALBERTA- (March 26, 2012) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE) (BVC:CNEC) provides the following update on the recompletion of the Agueda 1 well on its LLA 23 Exploration and Production ("E&P") Contract (80% operated working interest) located in the Llanos Basin of Colombia. The Agueda 1 well was successfully re-entered and tested formation water from two sandstone reservoirs in the C7 reservoir.

The Agueda 1 well was drilled in 2007 and bypassed oil pay was identified by the Corporation within the C7 reservoir. Two of the three C7 sandstone reservoirs were perforated between 8,803-17 and 8,886-8,904 ft md and tested in the well, with each zone producing formation water at high rates. The well has been suspended as a potential future water injection well should the Corporation realize exploration success in any of the exploration prospects the Corporation plans to drill on the LLA 23 E&P contract later in 2012.

The Corporation has commenced the acquisition of 100 square km of 3D seismic on the block, and anticipates drilling its first exploration well on the block in Q3 2012. The results of the Agueda 1 workover in no way impact the remaining undrilled prospectivity of the LLA 23 contract.

The Corporation maintains its average 2012 production guidance of between 14,000 and 16,000 bopd net revenue production, which does not include potential production from any of the exploration wells planned for 2012.

*Canacol is a Canadian-based international oil and gas corporation with operations focused onshore in Colombia and Ecuador. Canacol is publicly traded on Toronto Stock Exchange (TSX: CNE) and the Bolsa de Valores Colombia (BVC: CNEC). The Corporation's public filings are available at [www.sedar.com](http://www.sedar.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. 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.*

**For further information please contact:**

**Kevin Flick**

**Vice President of Capital Markets and Investor Relations**

**1-214-235-4798**

**Email: [kflick@canacolenergy.com](mailto:kflick@canacolenergy.com)**

**[www.canacolenergy.com](http://www.canacolenergy.com)**