Canacol Energy Ltd Wins Four E&P Contracts in the "Ronda Colombia 2010" Exploration Bid Round in Colombia

CALGARY, ALBERTA – (June 23, 2010) Canacol Energy Ltd. ("Canacol" or the "Corporation") is pleased to announce it has won four Exploration and Production Contracts ("E&P Contracts") in the Upper Magdalena Basin of Colombia via its wholly owned Colombian subsidiary, Rancho Hermoso S.A. The Upper Magdalena Basin is one of Colombia's main producing hydrocarbon basins with production dominated by light to medium oil. Canacol secured a 100% operated working interest in each of the COR-10, COR-11, COR-39, and VSM-3 E&P Contracts which were offered to the industry by the Agencia Nacional de Hidrocarbouros ("ANH") at a public exploration bid round held in Cartagena, Colombia yesterday. With the successful award of these four E&P Contracts Canacol has increased its total net acreage in Colombia from 1.6 million acres to 2.1 million acres, representing an increase of 31%. Canacol anticipates signing of the E&P contracts in July or August of 2010 in accordance with the terms of reference associated with the bid round.

Charle Gamba, President and CEO of Canacol, stated "We are very pleased with our success at the bid round yesterday in Colombia. The Corporation has mapped significant medium and light oil exploration opportunities on these four blocks and has now added a new core exploration growth area to its existing portfolio of high potential exploration opportunities in Colombia."

Each of the four blocks has a six year exploration term divided into two 36 month exploration phases. The Phase 1 work program commitments associated with each of the blocks are summarized below.

COR - 10 (100% Operated Working Interest - 45,477 Ha)

10 kms of 2D seismic and 1 exploration well for a total gross value of US$6.4 million

COR - 11 (100% Operated Working Interest - 71,595 Ha)

155 kilometers ("kms") of 2D seismic and 1 exploration well for a total gross value of US$ 12.2 million

COR - 39 (100% Operated Working Interest – 38,488 Ha)

90 kms of 2D seismic and 2 exploration wells for a total commitment of US$15.6 million

VSM - 3 (100% Operated Working Interest – 42,087 Ha)

80 kms of 2D seismic and 2 exploration wells for a total commitment of US$9.2 million

The Corporation is obligated to place a total of US$13.3 million in letters of credit with the ANH 15 days after signing the new E&P contracts. Canacol plans to fund the capital programs for the four new blocks over the next 3 years with a combination of cash flow from production operations and existing cash on hand of approximately US$ 68 million.

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 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.

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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