Canacol announces a 270% increase in revenue during the three months ended September 30, 2010 compared to same period in 2009

CALGARY, ALBERTA – (November 17, 2010) Canacol Energy Ltd. ("Canacol" or the "Corporation"; TSXV: CNE) (BVC:CNE.C) announces that it has filed its interim quarterly financial statements for the three months ended September 30, 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. All amounts are in thousands of United States dollars unless otherwise indicated.

HIGHLIGHTS

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

For the quarter ended September 30, 2010, the Corporation:

- Achieved a 270% increase in revenue over the same period in 2009 due to a substantial production increase plus improved sales price.

- Completed its second consecutive quarter with positive cash flow from operations. Cash flow from continuing operations for the three months ended September 30, 2010 was US$2.1 million.

- Closed an 8% convertible debenture financing, on a "bought deal" basis, for US$39.0 million (C$41.5 million) principal amount of Canadian dollar denominated convertible unsecured debentures with an interest rate of 8% per annum. On July 21, 2010, the debentures, including the underlying common shares issuable upon conversion, redemption or maturity of the debentures commenced trading on the TSXV under the trading symbol "CNE.DB".

- Common shares commenced trading on the Bolsa de Valores de Colombia under the trading symbol "CNE.C".

- Completed flow testing of three zones in the Rancho Hermoso 6 well which achieved a total gross flow rate of 12,847 barrels of oil per day ("bbl/d"). The well encountered 115 feet of net oil pay within 5 different reservoir intervals, which include, from top to bottom, the C7, Mirador, Los Cuervos - Barco, Guadalupe, and Ubaque.

- Completed drilling and testing of the first horizontal well, Capella FH-10 which tested at a gross rate up to 437 bbl/d, and the Romero A1 well. The Corporation also completed the acquisition and processing of 184 square kilometres of 3D seismic over the discovery, and noted that it had commenced drilling of the Capella L-11 well.

- Announced the results of its cyclic steam injection pilot from the Capella C5 well. Under the pilot, the vertical well increased production 330%.

Subsequent to the quarter ended September 30, 2010, the Corporation:

- Completed drilling and testing of the Rancho Hermoso 7 well, which tested a flow rate of 5,019 bbl/d from the Los Cuervos reservoir.

- Spud the Rancho Hermoso 8 well, which is targeting the Los Cuervos – Barco and Guadalupe reservoirs at a location approximately 1,500 ft to the southwest of the Rancho Hermoso 5 well.

- Contracted the Saxon 132 drilling rig which is being mobilized to the Rancho Hermoso 9 location to commence drilling in mid November.

- Engaged Citivalores S.A. Sociedad Comisionista de Bolsa in Colombia to lead a non-deal road show to Santiago, Chile and Lima, Peru between November 16th and 18th in preparation for the integration of stock exchanges in these three countries. The integration of these three markets offers the potential to significantly broaden Canacol's institutional and retail shareholder base in South America as initially Canacol will be one of only three energy stocks available for investment in the integrated market. The Corporation also plans to commence the process of listing on the Toronto Stock Exchange to concurrently broaden institutional and retail exposure in North America.

- Executed agreement for 0.5% participation in the first phase of a private use pipeline ("OBC") in the Llanos Basin, from Araguaney to Banadia, at a cost of approximately US$5 million net to Canacol.This pipeline will ensure long-term deliverability of the Corporation's crude oil production from its operated Rancho Hermoso and Entrerrios field.

FINANCIAL RESULTS	For the three months ended September 30, 2010	2009
(US$000s), except share data		
Petroleum and natural gas sales, net		
Colombia [(1) (4)]	14,360	2,196
Brazil [(2)]	859	546
	15,219	2,742
Tariff revenue	1,579	1,244
Interest and other revenue	251	615
Total revenue, recurring operations	17,049	4,601
Cash from (used in) continuing operating activities	2,076	(994)
Per share - basic and diluted	0.00	(0.01)
Net loss from continuing operations	(2,602)	(1,329)
Per share - basic and diluted	(0.01)	(0.01)
Capital expenditures		
Colombia [(1)]	6,141	2,855
Brazil [(2)]	345	206
Guyana	1,755	-
Canada [(3)]	-	75
	8,241	3,136
Total assets	179,149	80,633
Total long-term liabilities	33,314	23,413
Weighted average shares outstanding		
Basic (000s)	430,260	180,834
Basic and Diluted (000s)	430,260	180,834

(1) Colombian operations commenced in 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.

(4) Under the terms of one of Canacol's crude oil marketing agreement ("the Hocol agreement"), Canacol retains ownership of oil in transit until it reaches the export pipeline which can take several days at which point the ownership of the oil transfer from Canacol to Hocol. At the end of September 30, 2010, the 57,000 bbls of oil in inventory as at June 30, 2010 was delivered to Hocol and the respective revenues and expenses were recognized during the quarter ended September 30, 2010. At as September 30, 2010, 7,000 bbls of crude oil was held in inventory.

OPERATING RESULTS	For the three months ended September 30, 2010		2009	
	Colombia	Brazil (1)	Colombia (2)	Brazil (1)
Sales Volume				
Crude oil and NGL (bbl/d)	2,283	123	163	110
Natural gas (mcf/d)	-	-	-	-
Total (boe per day)	2,283	123	163	110
Total tariff sales (bbl/d)	1,253	-	1,344	-
Production				
Crude oil and NGLs (bbl/d)	1,684	123	330	110
Natural gas (mcf/d)	-	-	-	-
Total (boe per day)	1,684	123	330	110
Total tariff production (bbl/d)	1,226	-	1,377	-
Average sale prices				
Crude oil ($/bbl) (6)	72.77	85.51	63.06	50.59
Oil equivalent ($/boe)	-	-	-	-
Operating netback (US$/boe)				
Commodity sales revenue (6)	72.77	85.51	63.06	50.59
Tariff revenue (4)	13.70	-	11.81	-
Non-refundable sales taxes	-	(3.56)	-	(2.31)
Realized gain on financial derivative	-	-	-	-
Royalties (6)	(5.79)	(5.63)	(5.05)	(6.41)
Transportation & processing (4)	(2.60)	(11.62)	(2.76)	(12.23)
Well workover & repair	(0.55)	-	(0.01)	(2.31)
MEP work unit provision	-	-	-	(2.93)
Operating expenses (5)	(16.68)	(32.85)	(13.25)	(29.34)
Netback (6)	47.15	31.85	41.99	(4.94)

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

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

(3) Colombian commodity sales revenue and tariff revenue include transportation revenue.

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

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

(6) "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 bbls sold. 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. In Colombia, the total sales volume for the three months ended September 30, 2010 were 210,000 bbls (non-tariff) and 115,302 bbls (tariff).

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) and on the Bolsa de Valores de Colombia (BVC:CNE.C). 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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