



Canacol Energy Ltd. Announces Farm Out of 30% Interest in COR 11 and COR 39 E&P Contracts in Colombia

CALGARY, ALBERTA- (Thursday September 15, 2011) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE) (BVC:CNEC) is pleased to announce that it has entered into a definitive agreement with Sintana Energy Inc. ("Sintana"), the South American operations subsidiary of Drift Lake Resources Inc. (TSXV:DLA), to farm out 30% of its 100% operated working interest on the COR 11 and COR 39 Exploration and Production Contracts ("E&P Contracts") located in the Upper Magdalena Basin of Colombia. The Corporation was awarded a 100% operated working interest in the E&P Contracts in February 2011 by the Agencia Nacional de Hidrocarburos.

Under the terms of the definitive agreement, Sintana will pay 60% of the work commitment costs associated with the Phase 1 Exploration Phase for each of the contracts in order to earn a 30% working interest in each of the contracts. The Phase 1 work commitments for the COR 11 E&P contract include the acquisition of 155 kilometers ("km") of 2D seismic and the drilling of one exploration well. The Phase 1 commitments for the COR 39 E&P Contract include the acquisition of 120 km of 2D seismic and the drilling of 2 exploration wells. The Phase 1 period for each of the contracts is 3 years in length, expiring in February 2014. Canacol shall remain the operator of both of the E&P contracts.

The Corporation will use the capital saved by the farm out of these blocks to fund exploration activities on its other blocks in Colombia.

Canacol is a Canadian-based international oil and gas corporation with operations in Colombia, Guyana, and Brazil. Canacol is publicly traded on Toronto Stock Exchange (TSX: CNE) and the Bolsa de Valores Colombia (BVC: CNEC). 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.

For further information please contact:

Kevin Flick, Vice President of Capital Markets and Investor Relations
Toll Free: 1-877-272-4402 / Cell: 1-214-235-4798

Email: kflick@canacolenergy.com
www.canacolenergy.com

Neither the Toronto Stock Exchange nor its Regulation Services Provider (as that term is defined in the policies of the Toronto Stock Exchange) accepts responsibility for the adequacy or accuracy of this release.