FOR IMMEDIATE RELEASE
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Canacol Energy Ltd. Provides Operations and Production Update from its Operated Rancho Hermoso Field in Colombia

CALGARY, ALBERTA - Canacol Energy Ltd. ("Canacol" or the "Corporation") is pleased to provide an update of its development drilling program and production at its operated Rancho Hermoso field located in the Llanos Basin of Colombia, where the Corporation has a 100% operated working interest. The Corporation's worldwide production is approximately 3,240 barrels of oil per day ("bopd"), which consists of 1,890 bopd net production and 1,350 bopd of tariff production. Of total production, the Rancho Hermoso field is producing 1,461 bopd of net royalty interest production and 1,350 bopd of tariff production, for a total of 2,811 bopd. The remainder of the Corporation's production is derived from its operated Entrerrios field in Colombia, its non-operated Capella field in Colombia, and its non-operated producing fields in Brazil.

Charle Gamba, President and CEO of Canacol, stated "The Corporation intends to kick off its development drilling program at Rancho in June with the drilling of the Rancho Hermoso 6 well, the first of five wells planned in the field for 2010. The wells will target net royalty interest production, the majority from the recently discovered Guadalupe and Los Cuervos reservoirs, which have been producing at long term rates above expectation as evidenced by the performance of the Rancho Hermoso 5 well drilled late in 2009. The five new development wells will contribute to the majority of the Corporation's exit target of 7,000 bopd oil production by the end of 2010."

Development Drilling Program

The Corporation plans to drill five infill development wells targeting production from the Mirador, Los Cuervos, Guadalupe, and Ubaque reservoirs, all of which are productive in the field. Production facilities will also be expanded during the course of 2010 in order to handle increased volumes from new wells. The Corporation is currently in the process of awarding a contract for a drilling rig and associated services, with the drilling program anticipated to commence in mid June 2010 and conclude in December 2010.

The Corporation plans to spud the first well, Rancho Hermoso 6, in mid June, 2010. This well will be drilled to an approximate depth of 10,800 feet and will target production from the Los Cuervos and Guadalupe reservoirs at a bottom hole location approximately 1,800 feet to the northeast of the Rancho Hermoso 5 well, which is currently producing at rate of 5,150 bopd gross (1,167 bopd net) from the Los Cuervos reservoir. Upon completion of drilling operations, the Corporation plans to test multiple zones to determine the productive capacity of the reservoirs, and then will place the well on production.

Rancho Hermoso 5 Update

The Rancho Hermoso 5 well, drilled in late 2009, is currently producing 36^{o} API light oil at a rate of 5,150 bopd gross (1,167 bopd 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 of 8%, which is less than anticipated. The underlying Guadalupe reservoir was tested at a final stable rate of 1,037 bopd gross (234 bopd net) of 34^{o} API oil from January to mid February 2010, and was isolated in order to test the overlying Los Cuervos reservoir.

The Rancho Hermoso 4 well, recently recompleted in first the Guadalupe and then the Los Cuervos in January 2010, is currently producing 34^{o} API light oil at a rate of 1,300 bopd gross (294 bopd net) from the Los Cuervos reservoir. Current production from the well is higher than the 910 bopd gross (229 bopd net) production reported in the press release of March 3, 2010 as a result of the Corporation installing a larger pump. The Corporation is currently in the process of installing larger pumps in its wells in the Rancho Hermoso field in order to maximize production rates.

Upon the completion of the Los Cuervos tests in both wells, the Corporation plans to comingle the Los Cuervos with the Guadalupe in each well and place them on permanent production.

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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