

Canacol Energy Ltd.

A large, semi-transparent blue globe is centered on the page. It shows the continents of North and South America in a light blue/white color. The globe has a grid of latitude and longitude lines and casts a soft shadow on the surface below it.

Management Discussion and Analysis
Three and six months ended December 31, 2010

February 11, 2011

CAUTIONARY NOTE

This Management's Discussion and Analysis ("MD&A") for Canacol Energy Ltd. ("Canacol" or the "Corporation") (formerly BrazAlta Resources Corp. ("BrazAlta")) of the financial results and related data is reported in United States dollars, has been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"), and should be read in conjunction with the audited consolidated financial statements for the fiscal year ended June 30, 2010 and the respective notes thereto. Additional information relating to the Corporation is on SEDAR at www.sedar.com.

Information provided herein in respect of barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Certain information set forth in this document contains forward-looking statements. All statements other than historical fact contained herein are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, production rates, and plans and objectives of or involving the Corporation. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, governmental regulation, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. In particular to forward-looking comments in this MD&A readers are cautioned that there can be no assurance that: the Corporation will be able to attain sufficient capital and financing to fund its expected obligations; that the Corporation will be able to increase production in Brazil, Colombia, or Guyana and achieve expected variable cost efficiencies and an overall reduction of costs on a per barrel basis; that hydrocarbon based royalties assessed by the Brazilian and Colombian governments will remain consistent or that the Brazilian and Colombian royalties will continue to be applied on a sliding scale basis as production increases on any one block. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.

In addition to historical information, the MD&A contains forward-looking statements that are generally identifiable as any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events of performance (often, but not always, through the use of words or phrases such as "will likely result," "expected," "is anticipated," "believes," "estimated," "intends," "plans," "projection" and "outlook"). These statements are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in oil and gas prices; the results of exploration and development drilling and related activities; fluctuation in foreign currency exchange rates; the uncertainty of reserve estimates; changes in environmental and other regulations; and risks associated with oil and gas operations, many of which are beyond the control of the Corporation. Accordingly, there is no representation by Canacol that actual results achieved during the forecast period will be the same in whole or in part as those forecasted. Except to the extent required by law, Canacol assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to Canacol or persons acting on the Corporation's behalf, are qualified in their entirety by these cautionary statements.

Readers are further cautioned not to place undue reliance on any forward-looking information or statements.

Unless otherwise stated, all dollar amounts presented in this MD&A are in thousands of United States dollars (audited). All references to C\$ are to Canadian dollars, references to US\$ or \$ are United States (U.S.) dollars, references to BRL\$ are to Brazilian Real, and references to COP\$ are to Colombian Pesos.

| FINANCIAL RESULTS <i>(US\$000s), except share data</i> | For the three months ended December 31, | | For the six months ended December 31, | |
|---|---|--------------|---------------------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Petroleum and natural gas sales, net | | | | |
| Colombia ⁽²⁾ | 14,735 | 2,063 | 29,095 | 4,259 |
| Brazil ⁽¹⁾ | 934 | 585 | 1,793 | 1,132 |
| | 15,669 | 2,648 | 30,888 | 5,391 |
| Tariff revenue | 1,212 | 1,611 | 2,791 | 2,848 |
| Interest and other revenue | 247 | 265 | 498 | 886 |
| Total revenue | 17,128 | 4,524 | 34,177 | 9,125 |
| Cash from operating activities | 14,644 | 1,610 | 16,720 | 566 |
| Per share - basic and diluted | 0.03 | 0.01 | 0.04 | 0.00 |
| Net loss from operations | (13,835) | (4,157) | (16,437) | (4,803) |
| Per share - basic and diluted | (0.03) | (0.01) | (0.04) | (0.02) |
| Capital expenditures | | | | |
| Colombia ⁽²⁾ | 19,451 | 6,638 | 25,592 | 9,422 |
| Brazil ⁽¹⁾ | 380 | 379 | 725 | 582 |
| Guyana | 2,521 | 1,495 | 4,276 | 1,467 |
| Canada | 51 | - | 51 | 75 |
| | 22,403 | 8,512 | 30,644 | 11,546 |
| Total assets | 185,635 | 102,728 | 185,635 | 102,728 |
| Total long-term liabilities | 26,651 | 21,573 | 26,651 | 21,573 |
| Weighted average shares outstanding | | | | |
| Basic (000s) | 446,475 | 303,312 | 438,368 | 242,073 |
| Basic and Diluted (000s) | 446,475 | 303,312 | 438,368 | 242,073 |

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

⁽²⁾ 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 December 31, 2010, approximately 58,350 bbls of oil in inventory was in transit and the respective revenues and expenses were recognized after December 31, 2010.

| OPERATING RESULTS | For the three months ended December 31 | | | | For the six months ended December 31 | | | |
|--|--|--------------|--------------|---------------|--------------------------------------|--------------|--------------|---------------|
| | 2010 | | 2009 | | 2010 | | 2009 | |
| | Colombia | Brazil (1) | Colombia | Brazil (1) | Colombia | Brazil (1) | Colombia | Brazil |
| Sales Volume | | | | | | | | |
| Crude oil and NGL (bbl/d) | 2,161 | 117 | 298 | 105 | 2,030 | 120 | 371 | 108 |
| Natural gas (mcf/d) | - | - | - | - | - | - | - | - |
| Total (boe per day) | 2,161 | 117 | 298 | 105 | 2,030 | 120 | 371 | 108 |
| Total tariff sales (bbl/d) | 950 | - | 1,614 | - | 1,102 | - | 1,479 | - |
| Production | | | | | | | | |
| Crude oil and NGLs (bbl/d) | 2,193 | 117 | 313 | 105 | 1,938 | 120 | 321 | 108 |
| Natural gas (mcf/d) | - | - | - | - | - | - | - | - |
| Total (boe per day) | 2,193 | 117 | 313 | 105 | 1,938 | 120 | 321 | 108 |
| Total tariff production (bbl/d) | 1,113 | - | 1,651 | - | 1,170 | - | 1,514 | - |
| Average sale prices | | | | | | | | |
| Crude oil (\$/bbl) ⁽⁵⁾ | 74.17 | 96.06 | 63.06 | 60.38 | 73.56 | 90.65 | 45.95 | 57.13 |
| Oil equivalent (\$/boe) | - | - | - | - | - | - | - | - |
| Operating netback (US\$/boe) | | | | | | | | |
| Commodity sales revenue ⁽²⁾ | 74.17 | 96.06 | 63.06 | 60.38 | 73.56 | 90.65 | 45.95 | 57.13 |
| Tariff revenue ⁽³⁾ | 13.86 | - | 11.81 | - | 13.77 | - | 9.34 | - |
| Non-refundable sales taxes | - | (3.79) | - | (2.59) | - | (3.67) | - | (2.45) |
| Realized gain on financial derivative | - | - | - | - | - | - | - | - |
| Royalties ⁽⁵⁾ | (5.56) | (5.75) | (5.05) | (7.15) | (5.68) | (5.69) | (3.10) | (6.77) |
| Transportation & processing ⁽³⁾ | (6.55) | (18.07) | (2.76) | (13.65) | (4.45) | (14.77) | (7.27) | (12.91) |
| Well workover & repair | (0.39) | - | (0.01) | (2.40) | (0.48) | - | (0.44) | (2.36) |
| MEP work unit provision | - | - | - | (3.05) | - | - | - | (2.99) |
| Operating expenses ⁽⁴⁾ | (10.75) | (35.54) | (13.25) | (33.16) | (13.90) | (34.16) | (10.61) | (31.18) |
| Netback ⁽⁵⁾ | 50.92 | 32.91 | 41.99 | (1.62) | 49.05 | 32.36 | 24.53 | (1.53) |

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

⁽²⁾ Colombian commodity sales revenue and tariff revenue include transportation revenue.

⁽³⁾ Colombian transportation and processing charges relate to both tariff and non-tariff production.

⁽⁴⁾ Colombian operating expenses relate to both tariff and non-tariff oil production volumes.

⁽⁵⁾ "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 December 31, 2010 were 198,806 bbls (non-tariff) and 87,415 bbls (tariff).

HIGHLIGHTS FROM Q2-F2011

- On October 26, 2010 the Corporation completed drilling and testing of the Rancho Hermoso 7 well ("RH7"), which tested a flow rate of 5,019 barrels of oil per day ("bbl/d") from the Los Cuervos reservoir. The Los Cuervos - Barco reservoir at RH 7ST contains 34 ft of net oil pay. The Los Cuervos - Barco was perforated between 9,206 and 9,217 ft md and flowed at a final gross rate of 5,019 bbl/d (1,255 bbl/d net) of 34° API light gravity oil with 4% water cut using an electrical submersible pump set to a frequency of 35 Hz during a 24 hour flow period. The Corporation plans to co-mingle production from the Los Cuervos - Barco and underlying Guadalupe reservoirs at some point in 2011 after the long term production performance of the zone has been established.
- On November 9, 2010, the Corporation engaged with Citivalores S.A. Sociedad Comisionista de Bolsa in Colombia to lead a non-deal road show to Santiago, Chile and Lima, Peru November 16th through 18th in preparation of the integration of the 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 commenced the process of listing on the Toronto Stock Exchange to concurrently broaden institutional and retail exposure in North America.

- On December 20, 2010, the Corporation completed drilling and testing of Rancho Hermoso 9 well (“RH9”). The RH 9 well encountered 109 feet (“ft”) of net oil pay within 5 different reservoir intervals, which include, from top to bottom, the C7, Mirador, Los Cuervos-Barco, Guadalupe, and Ubaque. The Corporation drilled the RH 9 well before the RH 8 well for scheduling purposes.
- The Corporation spud the Apoteri K-2 (“K2”), the first exploration well on the Takutu Block in Guyana, on December 31, 2010. The K-2 well is being drilled to measured depth of approximately 11,000 feet and will target the same productive reservoirs that tested over 400 barrels of oil per day of 42° API light oil from the Karanambo 1 well drilled in 1982 and located 600 metres away. The Corporation plans to drill a second exploration well on Takutu block by May 2011, on either the Rewa or Pirara River prospects, depending on the outcome of the K-2 well.
- On December 29, 2010, the Corporation announced a US\$106 million capital budget for the 2011 calendar year for exploration and development activities in Colombia, Guyana, and Brazil. The budget includes the drilling of 39 gross wells (13 net wells), which include 6 exploration wells and 33 appraisal and development wells. The budget also includes the acquisition of 650 kilometres (“km”) of 2D exploration seismic, the building of an early production facility at the Capella discovery, the continued expansion of its operated Rancho Hermoso production facilities, and funding of the Corporation’s share of the OBC pipeline project in Colombia. The budget consists of US\$54 million to fulfill exploration work program and pipeline commitments in Colombia, Guyana, and Brazil, and US\$52 million in discretionary spending dedicated primarily to development drilling and production programs in Colombia. The work program and budget is expected to be funded from a combination of cash on hand, cash flow from operations and the equity financing scheduled to close February 15, 2011.

SUBSEQUENT EVENTS AFTER Q2-F2011

- On January 17, 2011, the Corporation completed production testing of the Los Cuervos - Barco reservoir in Rancho Hermoso 8 well (“RH8”). The RH8 well encountered 93 feet (“ft”) of net pay within 4 different reservoir intervals, which include, from top to bottom, the Mirador, Los Cuervos-Barco, Guadalupe, and Ubaque. The Los Cuervos - Barco reservoir at RH 8 contains 15ft of net oil pay, and was perforated between 9,349 and 9,364 ft md. The well flowed at a final stable gross rate of 3,927 bbl/d (982 bbl/d net) of 35° API light gravity oil with 1.5% water cut using an electrical submersible pump (“ESP”) set to a frequency of 75Hz during a 24 hour flow period.
- On January 4, 2011, the Corporation spud the Rancho Hermoso 10 (“RH 10”) and reached a total depth of 10,305 ft md on January 16, 2011 in the Ubaque reservoir in a record 12 days. On February 8, 2011, the Corporation announced that the well encountered 110 feet of oil pay in the C7, Mirador, Los Cuervos-Barco, Guadalupe and Ubaque reservoirs, and tested a final stable gross rate of 8,122 bbl/d (2,030 bbl/d net) in the Ubaque reservoir and 10,944 bbl/d (2,736 bbl/d net) in the Guadalupe reservoir. The Corporation is currently testing the Los Cuervos-Barco reservoir and will test the C7 reservoir following. A successful test of the C7 reservoir in the RH 10 well may prove up additional reserves and development options for the remainder of the field going forward.
- The Corporation plans to drill 4 additional development wells (Rancho 11, 12, 13 and 14) commencing later in the second calendar quarter 2011. The new wells will target production from the Los Cuervos- Barco, Guadalupe, and Ubaque reservoirs.

- Under the terms of an agency agreement dated on January 26, 2011, the Corporation is qualifying the sale and distribution of 36,300,000 common shares at a price of C\$1.38 per common share. Upon closing, the gross proceeds to the Corporation are estimated to be C\$50,094 before deducting estimated issue expenses and agent's fees in the aggregate totalling approximately C\$2,505. In addition, the Corporation has granted the agents an option, exercisable until the closing of the offering to purchase up to a total of 5,445,000 additional common shares at a price of C\$1.38 per common share.
- Subsequent to December 31, 2010, 1,176,666 shares were issued on exercise of options, 408,912 shares were issued on exercise of warrants, 11,238 shares were issued to consultants for services and C\$2.1 million in 8% debentures were converted, resulting in the issuance of 2,028,250 common shares.

COMPANY OVERVIEW AND BACKGROUND

Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX-Venture: CNE.V) and (Bolsa de Valores de Colombia: CNE.C) is a Canadian-based independent oil exploration company operating primarily in Colombia, Guyana and Brazil. The Corporation's average worldwide net production for the month of January 2011 was approximately 8,500 barrels of oil per day ("bbl/d"), which consisted of 2,700 bbl/d net royalty production and 5,800 bbl/d of tariff production. The Corporation's average net worldwide production for February 2011 to date was approximately 10,700 bbl/d, which consisted of 3,200 bbl/d net royalty production and 7,500 bbl/d of tariff production, up from an average of approximately 3,228 bbl/d (2,278 bbl/d net royalty production and 950 bbl/d tariff production) for the three month ended December 31, 2010.

On February 8, 2011, the Corporation achieved record net production of 13,500 bbl/d which consisted of 4,890 bbl/d of net royalty production and 8,610 bbl/d of tariff production.

Colombia

Canacol has interests in 8 exploration and production contracts in Colombia, and plans to spend US\$92 million on various exploration and development projects in its contract areas in calendar 2011. These projects include the drilling of 5 development wells at its operated Rancho Hermoso Field, 28 appraisal and development wells at its heavy oil discovery at Capella, and 3 exploration wells on its heavy oil blocks adjacent to the Capella oil discovery. The capital programs also includes the acquisition of 650 km of 2D seismic on its heavy oil blocks, the expansion of facilities at the Rancho Hermoso Field, and the funding of its 0.5% working interest in the OBC pipeline project.

Llanos Basin

The Corporation has operated interests in the Rancho Hermoso (100% working interest) and Entrerrios (60% working interest) producing fields in the Llanos Basin. Both contracts are operated under Production Sharing and Risked Service contracts with Ecopetrol, the state oil company of Colombia.

Rancho Hermoso Production Contract (100% operated working interest) and Entrerrios Production Contract (60% operated working interest)

The Corporation's current average share of production from the Rancho Hermoso and Entrerrios fields is approximately 10,600 bbl/d, comprised of 3,300 bbl/d net of government royalty, and 7,300 bbl/d of tariff production. A portion of the Corporation's net oil production currently is secured by commodity contracts (Refer to the Risk Section).

For the tariff oil production, the Corporation receives an operating tariff per gross produced barrel of oil from Ecopetrol. The average tariff price for calendar 2011 and 2012 is expected to be approximately \$15.04 and \$17.36, respectively per gross barrel plus transportation reimbursement, and is insensitive to West Texas Intermediate oil price fluctuations.

The Corporation plans to continue drilling development wells at Rancho Hermoso, following up on its successful development drilling program in the Rancho Hermoso Field in the calendar 2010. The current drilling program continued into January and February 2011 with the drilling of the RH 10 well, and will restart late in the second quarter of the calendar 2011 with the drilling of the RH 11, 12, 13 and 14 wells. In addition to the new development wells, the Corporation plans to expand the fluid handling capacity of the existing facilities in order to process the additional production, which will be completed by March 2011. The expanded facility will have the capacity to handle 100,000 barrels of fluid per day.

Putumayo - Caguan Basin

The Corporation is one of the largest exploration landholders in the Putumayo - Caguan Basin of southern Colombia, with working interests in three exploration and production contracts and one technical evaluation area, all of them awarded under the new terms as regulated by the Agencia Nacional de Hidrocarburos (“ANH”).

Ombu E&P Contract - Capella Oil Discovery Appraisal

The Corporation, under a farm out agreement entered into in July 2008, earned a 10% working interest in the Capella conventional heavy oil discovery operated by Sinochem Corporation on the Ombu E&P contract, where the operator is continuing with its appraisal drilling.

Since its discovery in 2008 the Corporation has participated in the drilling of 12 wells into the field, and the acquisition of 189 square kilometres of 3D seismic. During calendar 2011, the Corporation intends to spend US\$17 million net to fund its share of the drilling and completion of 28 new wells and the construction of production facilities, as the development of the field commences. In addition, the cyclic steam injection pilot utilizing the Capella C5 and A1 wells will continue to further evaluate the role of steam injection and secondary recovery on enhanced reserves recovery.

Tamarin E&P contract (100% operated working interest)

In August 2009, Canacol, through its subsidiary Rancho Hermoso, was awarded the Tamarin Exploration and Production Contract (“Tamarin E&P contract”) by the ANH.

The Corporation has a 100% working interest in the block, which is approximately 27,487 hectares in size and is located approximately 25 km to the southwest of the Ombu contract. Based upon the available geophysical and geological data in this frontier area, the Corporation has determined that the fault trend present at its Capella discovery to the northeast continues onto the Tamarin contract, setting up the potential for another Capella type heavy oil prospect. Together with the nearby Pacarana TEA, awarded to the Corporation in July 2009, Canacol now has a significant operated exploration position at 100% working interest immediately offsetting its Capella heavy oil discovery. Canacol acquired 60 km of 2D exploration seismic on the Tamarin contract in May 2010 in satisfaction of the Phase 1 work program commitments. The Corporation plans to drill 2 exploration wells on Tamarin commencing in the third calendar quarter of 2011.

Pacarana Technical Evaluation Area (100% operated working interest)

In July 2009, Canacol was awarded the Pacarana Technical Evaluation Area (“Pacarana TEA”) by the ANH. The Pacarana block is located adjacent and to the south of the Ombu E&P and contains 2 structural trends similar size and orientation to that forming the Capella discovery to the north on the

Ombu E&P contract. The Corporation has a 100% working interest in the block, which is approximately 469,968 hectares in size and is located in the Caguan - Putumayo Basin of Colombia.

Canacol acquired 2,500 km of aeromag gravity data in March of 2010, and based upon those results applied to convert a portion of the TEA into the Sangretorro E&P contract, which the Corporation anticipates will be awarded in the first calendar quarter of 2011. The Corporation plans to acquire 250 km of 2D exploration seismic on the contract in first calendar quarter of 2011, followed by exploration drilling in early 2012.

Cedrela Exploration and Production Contract (100% operated working interest)

In May 2010, Canacol was awarded the Cedrela Exploration and Production Contract (“Cedrela”) by the ANH. Cedrela is located immediately south of the Tamarin E&P Contract.

The Corporation has a 100% working interest in the block, which is approximately 129,418 hectares in size and is located in the Caguan - Putumayo Basin of Colombia. Based upon the available geophysical and geological data in this frontier area, the Corporation has identified 2 large structures similar in character to Capella on the Cedrela block. The Corporation is currently processing and interpreting 250 kilometres of 2D seismic and plans to drill 1 well on Cedrela block commencing in the third calendar quarter of 2011.

Upper Magdalena Valley Basin

COR 11 and 39 E&P Contracts (100% operated working interest)

The Corporation was the successful bidder for the COR 11 and 39 contracts in the Ronda 2010 exploration bid round held in June 2010 in Colombia. The Corporation, along with the remainder of the successful bidders in the round, is awaiting signing of formal exploration contracts from the ANH.

The Corporation has mapped 7 prospects and leads on the two contracts, and is committed to spend US\$28 million during the first phase of the exploration work program, which has duration of 3 years from the date of formal award. The work program involves the acquisition of 245 km of 2D exploration seismic and the drilling of 3 exploration wells. The Corporation anticipates conducting exploratory work on these contracts in 2011, utilizing funds from the underwritten private placement financing expected to close on February 15, 2011, as many of the prospects are drill ready and do not require additional seismic control.

Guyana E&P

Takutu PPL (65% non-operated working interest)

In May 2008, the Corporation negotiated a farm-in to a 7,800 sq km exploration contract located in the Takutu Basin, onshore Guyana adjacent to the border with Brazil, awarded to Groundstar Resources Ltd. (“Groundstar”) in July 2005 for a four year period. The operator was successful in extending the term of the contract to July 2012 with a commitment to drill 2 wells by May 2011. Canacol has a 90% working interest in the contract, with Groundstar Resources Limited (“Groundstar”), the operator of the Petroleum Prospecting License (“PPL”), holding the remaining 10%. Sagres Energy Inc. is eligible to earn a 25% working interest in the PPL from Canacol by paying for 30% of the cost to drill the K-2 exploration well.

During the calendar 2011, the Corporation will participate in the drilling of 2 exploration wells in Guyana, the first well being the Apoteri K-2 exploration well on the Karanambo discovery. The Corporation spud the Apoteri K-2 (“K-2”) well in late December 2010, the K-2 well will be drilled to a measured depth of approximately 11,000 feet and will target the same productive reservoirs that tested over 400 barrels of oil per day of 42° API light oil from the Karanambo 1 well drilled in 1982 and located 600 metres away. Gaffney Cline and Associates attributed gross mean recoverable prospective resources of 128 million barrels of oil (83 million barrels net to Canacol’s final working interest) to the discovery in the December 2009 report compiled for the Corporation.

The Joint Venture also plans to drill a second exploration well on the block by May 2011, and is formulating plans to drill either the Rewa or Pirara River prospects, depending on the outcome of the K-2 well. Gaffney Cline and Associates attributed gross mean recoverable prospective resources of 171 million barrels (111 million barrels net) and 133 million barrels (86 million barrels net) to each prospect respectively in the December 2009 report compiled for the Corporation. Total net cost for the 2 exploration wells is anticipated at US\$11 million.

Brazil E&P

In January 2006, a predecessor Corporation acquired by Canacol through merger in October 2008, entered into a Consortium and Joint Operating Agreement with W. Washington Empreendimentos E. Participações Ltda, which subsequently has changed its name to W. Washington Petroleo S.A. ("W. Washington"), for the creation and operation of a Brazilian domiciled joint venture entity ("Brazil Joint Venture") to hold, explore, develop and produce hydrocarbons in Brazil. Canacol holds a 47.5% interest and W. Washington, the operator, holds a 52.5% interest in the Brazil Joint Venture.

Canacol has interests in 10 exploration and production blocks in Brazil, including a 47.5% non-operated working interest 5 producing oil fields located onshore in the Reconcavo Basin of Brazil, and a working interest of 37.5% in the REC170 contract also located in the Reconcavo Basin.

Reconcavo Basin

Block 170 (37.5% non-operated working interest)

The prospect contains three prospective stacked reservoir sandstones that management estimates may contain up to 6 million barrels of gross mean unrisks recoverable light oil resource. The preferred well location is situated updip from an old well that recovered light oil from one of three prospective intervals.

The Corporation is currently in the process of acquiring the operator's interest and operatorship in the REC170 contract, which upon completion will give the Corporation a 75% operated working interest and operatorship in the contract. The Corporation plans to drill 1 exploration well on the block in third calendar quarter of 2011. Total net cost for the exploration well is anticipated at US\$3 million, which assumes a 75% working interest in the contract.

Producing Assets (47.5 % non-operating working interest)

During the 3 months ended December 31, 2010, the Corporation signed an agreement with an arm's length third party to dispose of its interest in the 5 non-core non-operated producing oil fields, subjected to regulatory approval. This divestment allows the Corporation to focus on building an exploration portfolio in Brazil going forward.

Canada and Ireland E&P

Operations in Canada are considered to be non-core. The Corporation continues to hold minor interests in some non-producing properties and is seeking to dispose of its interest in these remaining properties. The Corporation does not expect to receive any significant proceeds from the sale of the remaining interests and is not planning any operations activities for these Canadian interests.

Exploration in Ireland is considered to be non-core and high risk and includes oil and natural gas exploration and the potential for development of salt cavern gas storage. The Corporation is currently reviewing potential alternatives for its Ireland interests and currently has no planned activity in Ireland.

FINANCIAL HIGHLIGHTS AND SUMMARY OF RESULTS - ONGOING OPERATIONS

Unless otherwise stated, amounts presented in this MD&A are in thousands of United State dollars (\$) or US\$. All discussions under the financial highlights section relate to oil and gas exploration and production operations of the Corporation.

| Quarterly Information - Recurring Operations (US\$000s, except production data and per share) | F2011 | | | F2010 | | | F2009 | |
|--|-----------------|----------------|-----------------|----------------|----------------|----------------|----------------|----------------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| Petroleum and natural gas sales ^{(1) (3)} | | | | | | | | |
| Colombia | 14,735 | 14,360 | 4,486 | 3,721 | 2,063 | 2,196 | 1,926 | 1,067 |
| Brazil | 934 | 859 | 845 | 1,270 | 585 | 547 | 68 | 658 |
| Total production revenue | 15,669 | 15,219 | 5,331 | 4,991 | 2,648 | 2,743 | 1,994 | 1,725 |
| Tariff revenue ⁽²⁾ | 1,212 | 1,579 | 1,874 | 1,607 | 1,611 | 1,237 | 858 | 917 |
| Interest and other | 247 | 251 | 212 | 165 | 265 | 621 | 425 | 105 |
| Total operating revenue | 17,128 | 17,049 | 7,417 | 6,763 | 4,524 | 4,601 | 3,277 | 2,747 |
| Total production (bbl) | 212,549 | 166,230 | 141,905 | 77,219 | 38,519 | 40,427 | 37,855 | 40,635 |
| Total tariff production (bbl) | 102,427 | 112,788 | 104,839 | 139,370 | 151,907 | 126,673 | 92,367 | 104,101 |
| Cash from (used in) operating activities | 14,644 | 2,076 | 3,799 | (4,560) | 1,610 | (1,044) | (3,584) | (2,097) |
| Per share | 0.03 | 0.00 | 0.01 | (0.02) | 0.01 | (0.00) | (0.02) | (0.02) |
| Net (loss) gain | (13,835) | (2,602) | (11,648) | (5,130) | (4,157) | (646) | (4,500) | (4,330) |
| Per share | (0.03) | (0.01) | (0.04) | (0.02) | (0.01) | (0.01) | (0.03) | (0.03) |
| Total assets | 185,635 | 179,149 | 158,762 | 96,066 | 102,728 | 80,633 | 73,299 | 75,416 |
| Total long term liabilities | 26,651 | 33,314 | 11,908 | 17,537 | 21,573 | 23,413 | 23,191 | 11,856 |

⁽¹⁾ 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 December 31, 2010, the 58,350 bbls of oil in inventory was in transit and the respective revenues and expenses were recognized after December 31, 2010.

⁽²⁾ Includes tariff revenue of \$13.86 during the quarter ended December 31, 2010.

⁽³⁾ The Corporation has gas natural sales of approximately \$335 during three and six months ended December 31, 2010.

Petroleum and Natural Gas Sales (Net of Royalties)

The Corporation has three types of sales agreements in Colombia:

- Tariff (Rancho Hermoso Field - Mirador formation) - a risk service contract with Ecopetrol where the Corporation receives a fix tariff price per barrel;
- Production revenue (Rancho Hermoso and Entrerrios Field - all other formations) - a risk participation contract where the Corporation is entitled to approximately 25% of the production after Ecopetrol's share and ANH royalties; and
- Production revenue (Capella Field) - based on the WTI less ANH royalties. The royalties are taking in kind (Refer to Royalties table on page 12).

The operating revenue from continuing operations for the three months ended December 31, 2010 totalled \$17,128 (Q2-F2010 - \$4,524), representing an increase of \$12,604 or 279% compared to Q2-F2010. The operating revenue for the six months ended December 31, 2010 was \$34,177 (Six months ended December 31, 2009 - \$9,125) representing an increase of \$25,052 or 275% compared to six months ended December 31, 2009.

The operating revenue consists of production revenue (non-tariff production), tariff production and interest and other revenue. The production revenue during Q2-F2011 totalled \$15,669 (Q2-F2010 - \$2,648) representing an increase of \$13,021 or 492% compared to Q2-F2010. For the six months ended

December 31, 2010, production revenue was \$30,888 (Six months ended December 31, 2009 - \$5,391) representing an increase of \$25,497 or 473% compared to six months ended December 31, 2009. The tariff revenue during Q2-F2011 totalled \$1,212 (Q2-F2010 - \$1,611) representing a decrease of \$399 or 25% compared to Q2-F2010. For the six months ended December 31, 2010 the tariff revenue was \$2,791 (Six months ended December 31, 2010 - \$2,848) representing a decrease of \$57 or 2% compared to six months ended December 31, 2009. For the three and six months Interest and other income are discussed below.

The increase in the operating revenue for Q2-F2011 compared to Q2-F2010 is due to higher production volumes achieved by the Corporation.

In Colombia, sales volumes of crude oil achieved during the three months ended December 31, 2010 totalled 198,806 bbls (2,161 bbl/d) (Q2-F2010 - 27,400 bbls (298 bbl/d)). The sales volumes for the six months ended December 31, 2010 totalled 408,806 bbls (2,030 bbl/d) (six months ended December 31, 2009 totalled 68,200 bbls (371 bbl/d)). The average price achieved in Colombia in Q2-F2011 was \$74.17/bbl compared to \$63.06/bbl in Q2-F2010.

In Colombia, tariff sales volumes during Q2-F2011 totalled 87,415 bbls (950 bbl/d) (Q2-F2010 - 148,462 bbls (1,614 bbl/d)). For the six months ended December 31, 2010, the tariff production totalled 202,717 bbls (1,102 bbl/d) (Six months ended December 31, 2009 - 272,126 (1,479 bbl/d)). The average tariff price for Q2-F2011 was \$13.86/bbl; Q2-F2010 was \$11.81/bbl (including \$1.74 of transportation revenue per tariff barrel).

The increase in the sales volume for Q2-F2011 compared to Q2-F2010 was due to the start up of RH-6, RH-7 and, RH-9.

Brazil sales volumes during Q2-F2011 totalled 10,802 bbls of light oil (117 bbl/d); (Q2-F2010 - 9,696 bbls (105 bbl/d)). For the six months ended December 31, 2010, Brazil sales were 22,144 bbl (120 bbl/d) (Six months ended December 31, 2009 - 19,796 bbls (108 bbl/d)). The average price achieved per bbl in Brazil in the Q2-F2011 was \$96.06/bbl (Q2-F2010 - \$60.38/bbl) including transportation reimbursement.

| Sales Volumes (bbls) | For the three months ended | | For the six months ended | |
|-------------------------|----------------------------|----------------|--------------------------|----------------|
| | December 31 | | December 31 | |
| | 2010 | 2009 | 2010 | 2009 |
| Colombia | 198,806 | 27,400 | 408,806 | 68,200 |
| Brazil | 10,802 | 9,696 | 22,144 | 19,796 |
| Total net sales | 209,608 | 37,096 | 430,950 | 87,996 |
| Tariff sales | 87,415 | 148,461 | 202,717 | 272,126 |
| Total | 297,023 | 185,557 | 633,667 | 360,122 |

Royalties as a percentage of gross petroleum and natural gas revenues by geographic region for the three and six months ended December 31, 2010 and the prior period comparables are shown in the table below. The current base royalty regime in Brazil averages between 5% and 13% of gross production revenue. The actual rate the Corporation achieved for the three months ended December 31, 2010 in Brazil was 6.0% compared to 12.7% during Q2-F2010. In Brazil, royalty rates are based on a sliding scale on incremental production over and above certain production thresholds, calculated on a block by block basis. Therefore, if aggregate production on any one block increases above the contracted thresholds, the royalty on that block should decline over time. In Colombia, royalties are taken in kind and at a rate of approximately 8%. During Q2-F2011 Colombian royalties averaged 8%.

| Royalties | Three months ended December 31, | | Six Months Ended December 31, | |
|-------------------------|---------------------------------|-------|-------------------------------|------|
| | 2010 | 2009 | 2010 | 2009 |
| Colombia ⁽¹⁾ | 8.0% | 8.0% | 8.0% | 8.0% |
| Brazil | 6.0% | 12.7% | 6.3% | 7.5% |

⁽¹⁾ There are no royalties on the tariff production.

Brazil oil sales are subject to non-refundable sales taxes. This totalled \$41 during three months ended December 31, 2010 (Q2-F2010 - \$23). For the six months ended December 31, 2010, non-refundable sales taxes were \$81 (Six months ended December 31, 2009 - \$48). These have been recorded and netted against revenue for the three and six months ended December 31, 2010.

Interest and Other Revenue

During the three months ended December 31, 2010 interest and other revenue of \$247 (Q2-2010 - \$265) was recorded while for the six months ended December 31, 2010 \$498 (Six months ended December 31, 2009 - \$886). The decrease in the interest and other revenue compared to Q2-F2010 was due to decrease in interest earned on cash investments.

Operating Expenses - Petroleum and Natural Gas

For the three months ended December 31, 2010, operating expenses totalled \$6,445 (Q2-F2010 - \$3,474). For the six months ended December 31, 2010 operating expenses totalled \$13,779 (Six months ended December 31, 2010 - \$6,268). Colombian operating expenses relate to both tariff and non-tariff oil production. Details by operating segment are outlined in the table below.

| Operating Expenses (\$000s) | Three months ended December 31, | | Six months ended December 31, | |
|--|---------------------------------|--------------|-------------------------------|--------------|
| | 2010 | 2009 | 2010 | 2009 |
| Operating expenses | | | | |
| Colombia ⁽¹⁾⁽²⁾ | 5,753 | 2,132 | 11,557 | 4,501 |
| Brazil ⁽²⁾ | 385 | 322 | 758 | 621 |
| | 6,138 | 2,454 | 12,315 | 5,122 |
| Colombia transportation & processing charges | 195 | 467 | 845 | 899 |
| Colombia well workover & repair | 112 | 367 | 292 | 363 |
| Brazil transportation & processing charges | - | 132 | 327 | 256 |
| Brazil well workover & repair | - | 54 | - | 53 |
| MEP work unit provision | - | - | - | (425) |
| | 6,445 | 3,474 | 13,779 | 6,268 |
| Operating expenses per boe | | | | |
| Colombia ⁽²⁾ | 10.75 | 13.25 | 13.90 | 10.61 |
| Brazil ⁽¹⁾ | 35.54 | 33.16 | 34.16 | 31.18 |
| Weighted Average | 11.76 | 14.06 | 14.99 | 13.84 |

⁽¹⁾ Colombian operating expenses relate to both tariff and non-tariff oil production volumes.

⁽²⁾ Expenditures related to the planned non-routine enhancement workover program undertaken are presented separately and excluded from the calculation of ongoing operating costs. Transportation and processing charges and the MEP work unit provision are also shown separately.

Depletion, Depreciation, and Amortization (DD&A)

For the three months ended December 31, 2010, DD&A totalled \$5,771 (Q2-F2010 - 2,191) while for the six months ended December 31, 2010, overall DD&A expense was \$11,823 (Six months ended December 31, 2009 - \$4,297). The respective increases are a result of an increase in the production volumes.

General and Administrative

For the three months ended December 31, 2010, general and administrative (G&A) expenses were \$5,260 (Q2-F2010 - \$2,047) while for six months ended December 31, 2010, overall DD&A expense was \$8,110 (Six months ended December 31, 2009 - \$3,566). The increase in the G&A is primarily due to increase in personnel and professional fees costs to support expanding operations and annual performance bonuses totalling \$1.8 million. G&A expenses are incurred in Canada, Colombia and Brazil and primarily consist of management and advisory fees, professional fees, travel, and other administrative expenses needed to support the Corporation's growing operations. Canacol did not capitalize any indirect overhead costs.

Interest and Financial Expense

For the three months ended December 31, 2010, interest and financial expense was \$1,331 (Q2-F2010 - \$712). For the six months ended December 31, 2010, interest and financial expenses were \$2,705 (Six months ended December 31, 2009 - \$1,528). Interest and financial expense is comprised of interest on the Corporation's long-term debt facilities, lines of credit, and non-cash interest charges. Non-cash interest charges relate to the accretion of the deferred financing charges incurred on the Corporation's debt facilities, the non-cash interest charged on the 12% convertible debentures and the accretion of the 8% and 12% convertible debentures. Non-cash interest charges for Q2-F2011 totalled \$692 (Q2- F2010 - \$364).

Foreign Exchange

The Corporation's activities in Brazil use the Brazilian Real (BRL\$) and the Corporation's activities in Colombia use the Colombian Peso (COP\$) as the functional currency and therefore the Corporation is exposed to the risk of fluctuations in foreign exchange rates. The Corporation's sales contracts for oil produced in Brazil and Colombia are based on US dollar reference prices but are paid in Brazilian Real in Brazil and through a combination of US dollars and Colombian Pesos in Colombia. The Corporation's line of credit facilities are denominated in Colombian Pesos.

For the three months ended December 31, 2010, the Corporation incurred a net foreign exchange gain of \$1,996 (Q2-F2010 - \$757). For the six months ended December 31, 2010, the Corporation incurred a net exchange gain of \$2,663 (Six months ended December 31, 2009 - \$ 2,141). The foreign exchange gain for the three and six months December, 2010 is a result of the appreciation of the Canadian dollar relative to the US dollar due to Canadian dollar cash balances, and the corresponding impact on the translation of the Brazilian operations from the Brazilian Real to U.S. Dollars.

The Corporation has not entered into any foreign currency derivative contracts to manage its exposure to the Brazilian Real, Colombian Peso, or the Canadian Dollar; such contracts may be considered in future periods. Refer to the Risk Factors Section below for additional details.

Commodity Contracts

For the three months ended December 31, 2010, the Corporation had four commodity contracts in place. The WTI oil financial option collars have an expiry date in August through November 2011. The Corporation has not designated these embedded derivatives as hedges and has therefore recorded the unrealized gain on the contract on the balance sheet with changes in its fair value recorded in the net earnings for the period. Refer to the Risk Factors section for specific details of the financial derivative contracts.

At December 31, 2010, the Corporation had a total net commodity contract liability of \$1,716 (June 30, 2010 - asset of \$227) relating to the oil financial option collars.

For the three months ended December 31, 2010, the Corporation had a net unrealized loss on commodity contracts of \$1,511 (Q2-F2010 -\$306) on its oil collar. For the six months ended December 31, 2010, the Corporation had a net unrealized loss on commodity contracts of \$1,954 (Six months ended December 31, 2009 - \$226).

Stock Based Compensation

For the three months ended December 31, 2010, a total of \$1,923 (Q2-F2010 - \$830) was expensed relating to the vesting of stock options while for the six months ended December 31, 2010, a total of \$4,911 was expensed (Six months ended December 31, 2009 - \$958). The year-over-year increase can primarily be attributed to a combination of the relative timing of options granted during the year, the vesting of previously granted options, and the assessed value of the options issued.

Income Taxes

Canacol is subject to taxation in Canada, Brazil, and Colombia. The current income tax expense for Q2-F2011 was an expense of \$3,273 (Q2-F2010 - \$563) relating to Colombian income taxes. Due to operating losses in Brazil and Canada, the Corporation was not subject to income taxes in these jurisdictions during the three months ended December 31, 2010. During six months ended December 31, 2010, current income tax expense was \$3,105 (Six months ended December 31, 2009 - \$844).

A future income tax asset is not recognized for the Corporation's Canadian net capital losses, non-capital loss, or other tax pool balances. Further, a future income tax asset has not been recognized on the Corporation's Brazilian tax losses or other tax pools. A valuation allowance for Canada and Brazil has conservatively been applied to the remainder of the future income tax assets in the entity due to uncertainty of realization.

As at December 31, 2010, the Company had a deferred income tax liability relating to the book value in excess of the tax basis value on its petroleum and natural gas assets acquired through the acquisition of Canacol Energy Inc. The future income tax liability recorded in conjunction with the acquisition totalled \$11,382. During the six months ended December 31, 2010, future income tax recovery was \$2,783, resulting in an outstanding future income tax liability of \$5,081 at December 31, 2010 (June 30, 2010 - \$7,864).

CASH FLOWS FROM OPERATING, FINANCING, AND INVESTING ACTIVITIES - ONGOING OPERATIONS

Operating

For the three months period ending December 31, 2010, cash flow from operating activities before changes in non-cash working capital totalled an inflow of \$1,829 (Q2-F2010 - outflow of \$132) while for the six months ended December 31, 2010, it totalled an inflow of \$9,180 (Six months ended December 31, 2009 - outflow of \$1,071).

Financing

For the three months ended December 31, 2010, the Corporation recorded net cash inflow from financing activities of \$584 (Q2-F2010 - \$27,725). For the six months ended December 31, 2010, the Corporation recorded net cash inflow from financing operations of \$41,093 (Six months ended December 31, 2009 - \$31,931). Cash inflow from financing activities for the three and months ended December 31, 2010 primarily relates to an issuance of share capital and 8% convertible debentures.

Investing

For the three months ended December 31, 2010, cash flows from investing activities totalled an outflow of \$21,344 (Q2-F2010 - \$5,915). For the six months ended December 31, 2010, cash flow from investing activities totalled an outflow of \$47,933 (December 31, 2009 - \$1,689). For the three and six months ended December 31, 2010, the Corporation incurred \$22,403 and \$30,644 in capital expenditures. The majority of the capital spent was related to the Corporation's Colombian and Guyana operations.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Funding for the Corporation's expenditures during the three and six months ended December 31, 2010 was provided by cash on hand, the issuance of 8% convertible debentures and cash generated from operating activities. At December 31, 2010, the Corporation had positive working capital of \$52,595 (June 30, 2010 -\$34,315).

Management believes that a combination of cash on hand, plus the cash generated from operating activities plus funding through debt or equity financing or potential farm-outs will allow the Corporation to execute its planned drilling programs and exploration commitments in Colombia, Guyana and Brazil.

Cash Flow From Operating Activities

The Corporation in the three and six months ended December 31, 2010 generated cash flow from operations of \$1,829 and \$9,180, respectively and anticipates positive quarterly cash flow going forward.

COMMITMENTS, GUARANTEES, AND OFF-BALANCE SHEET ARRANGEMENTS

Minimum exploration program (Brazil)

As at December 31, 2010, the Corporation had minimum exploration program ("MEP") work unit commitments to complete negotiated exploration work on its onshore blocks awarded by the Agência Nacional do Petróleo, Gás Natural e Biocombustível ("ANP"), Brazil's National Petroleum Agency. MEP work units are satisfied through completion of exploration wells, seismic programs, and other exploration survey methods all of which have prescribed work units for completion. Therefore, although actual dollars spent on projects do not directly correlate to reducing the MEP work units, the financial guarantees related to non-performance are shown in the table below. The commitment is reduced as work is performed.

| Bid Round | Basin/Block | Commitment Date | Extension | Gross Remaining MEP | | Net Remaining MEP | | Net Financial |
|-----------|------------------------------------|----------------------------------|------------------|---------------------|---------------------------|-------------------|------------------------|---------------|
| | | | | Work Units | Gross Financial Guarantee | Work Units | Guarantee ¹ | |
| | | | | | \$1,808 | | | \$678 |
| 9 | Recôncavo - Block 170 ² | June 5, 2010 (special extension) | | 1,000 | BRL \$3,000 | 375 | BRL \$1,125 | |
| | | | | | \$1,085 | | | \$217 |
| 9 | Recôncavo - Block 169 | March 12, 2011 | December 2, 2011 | 600 | BRL \$1,800 | 120 | BRL \$360 | |

¹ Net financial guarantee based on currently Canacol's net working interest. Canacol is in the process of acquiring the operator's interest and operatorship in the REC-T-170 contract, which upon completion will give the Corporation a 75% operated working interest and operatorship contract.

² ANP has granted a special extension to the Corporation on the agreement BT-REC-60, Block-T-170. Block 170 expires six months after permitting approval is received from the landowner to access the land.

The round 9 (Reconcavo Basin) commitments are planned to be satisfied through a combination of the execution of an exploration drilling program and through financial settlement of MEP work units.

Work program commitments (Colombia)

Round 10

The Corporation has secured two Exploration and Production Contracts ("E&P Contracts") in the Upper Magdalena Basin of Colombia through its wholly owned subsidiary Rancho Hermoso S.A.. Canacol secured 100% operated working interest in each of COR-11 and COR 39 E&P contracts which were awarded by the ANH in the Round 10 in Colombia in June, 2010. The Corporation was the successful bidder on 4 blocks in Round 10 in Colombia. The Corporation, along with all of the other successful bidders in Round 10, is waiting to sign the E&P contracts.

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

| Bid Round | Basin | Commitment Date | Block | Working Interest | Work program commitments | Financial Guarantee ¹ |
|-----------|-----------------------|-----------------|---------|------------------|--|----------------------------------|
| 10 | Upper Magdalena Basin | July 1, 2013 | COR -11 | 100% | 155 kms of 2D seismic and 1 exploration well | \$ 12,200 |
| 10 | Upper Magdalena Basin | July 1, 2013 | COR-39 | 100% | 90 kms of 2D seismic and 2 exploration well | \$ 15,600 |

¹ The Corporation will place a total of \$13.3M in letters of credit with ANH.

Cedrela E&P Contract

In May 2010, the Corporation was awarded the Cedrela Exploration and Production Contract (“Cedrela E&P Contract”) by the ANH of Colombia. The Cedrela E&P contract is located in the Putumayo-Caguan Basin, and is approximately 50 kilometres directly southwest of the Ombu E&P contract which contains Capella heavy oil discovery. The Corporation has a 100% working interest in the Cedrela E&P Contract, which is 129,418 hectares (319,799 acres) in size. The terms of the 6 year contract are as follows:

| Phase | Basin | Commitment Date | Working Interest | Work program commitments | Financial Guarantee |
|-------|-----------------------|-------------------|------------------|--------------------------|---------------------|
| 1 | Putumayo-Caguan Basin | December 31, 2011 | 100% | 250 kms of 2D seismic | \$ 5,400 |
| 2 | Putumayo-Caguan Basin | June 30, 2013 | 100% | Drill 1 exploration well | \$2,000 |
| 3 | Putumayo-Caguan Basin | December 31, 2014 | 100% | 60 kms of 3D seismic | \$3,000 |
| 4 | Putumayo-Caguan Basin | June 30, 2016 | 100% | Drill 1 exploration well | \$2,000 |

Based on the results of the Phase 1 exploration activities, the Corporation has the option to proceed to the Phase 2 exploration period and associated activities or relinquish the contract.

Other Commitments

In Guyana, the Corporation has work program commitments totalling approximately \$9,000 due within a year or less.

In addition, the Corporation has commitments for leases and its office premises. As of December 31, 2010, the payments required in each of the next five calendar years on these lease are as follows:

| Leases | \$ |
|--------|-----|
| 2011 | 101 |
| 2012 | 101 |
| 2013 | 101 |
| 2014 | 106 |
| 2015 | 90 |

The Corporation is currently disputing certain amounts claimed by a joint venture operator. As adequate supporting financial documents have not been provided by the operator, the Corporation continues to record revenues, expenses and any amounts receivable from or payable to the operator using the Corporation’s best estimates as of and for the three and six months ended December 31, 2010. Any adjustments required upon final settlement in the joint venture operation will be recorded

in the period as amounts owing to or receivable from the operator are settled. As part of the negotiated disposition of non-core, non-operated producing properties in Brazil, these issues will be resolved.

Gemini Oil and Gas Funds

The Corporation executed a series of agreements with Gemini Oil and Gas Fund II, L.P. (“Gemini”), a Jersey based oil and gas investment fund, on April 17, 2009, whereby Gemini agreed, subject to certain preconditions, to invest up to \$9 million, to be used to fund portions of the Corporation’s development and appraisal programs in Colombia.

In return, Gemini was entitled to royalties from 11% to 31% of the Corporation’s interest in gross revenue after government royalty less field operating costs from the field up to either a 400% payout ratio or until 95% of the ultimate recoverable reserves as determined from time to time as underlying the Concession area have been produced, whichever is the sooner. The Corporation had no obligation to repay these funds if net revenue from the underlying properties defined in the transaction ceased.

In July 2010, Canacol used \$18,000 of the net proceeds from an 8% convertible debenture offering to acquire the royalties on its Rancho Hermoso, Entrerrios, and Capella oil fields in Colombia from Gemini. This transaction was effective as of June 30, 2010. In addition, the Corporation issued 4,421,260 common shares at a price of \$0.78 (C\$0.82) per common share in connection with the termination. These common shares were issued on July 16, 2010.

PENDING LAND AUCTION AWARD TRANSACTIONS

Round 8 Land Auction

The Corporation qualified for and bid for onshore land blocks offered by the ANP, Brazil’s National Petroleum Agency in Brazil’s Round 8 land auction held on November 28th and 29th, 2006 (“Round 8 Bid”). Canacol and its partners in the Round 8 Bid, W. Washington and Brownstone, were successful in winning and being awarded five separate blocks, each block totalling 180 square kilometres of exploration lands (“Round 8 Bid Lands”) in the Tucano Basin which lies directly west of the Recôncavo Basin. However, the Round 8 Bid is the subject of a court injunction filed in Brasilia against the ANP. The premise for the injunction is that the restriction for any one E&P company to purchase more than four blocks of land in any one area, in any given bid round of land is not constitutional. As of this report date, the court injunction has been lifted in the superior court from one of two jurisdictions. Canacol and its partners in the Round 8 Bid have no information indicating that their successful Round 8 Bid Lands will not be retained by them.

No capital commitments are currently included in Canacol’s capital budget for the round 8 lands.

SUBSEQUENT EVENTS

Discussed in relevant sections in the MD&A.

OUTLOOK

Canacol’s goal is to build a significant oil production and exploration company in Latin America. The Corporation has established a production platform in its core operating countries of Colombia and Brazil, along with large onshore appraisal and exploration positions in Colombia, Brazil, and Guyana. The Corporation is using its strong technical management team to realize the full production and reserves potential of its producing assets. In Colombia, the Corporation has identified a number of low risk opportunities within its operated fields that it intends to pursue, which are expected to result in a significant increase in existing production and reserves. With current production levels increasing

faster than planned due to better than anticipated performance from the recently drilled wells at Rancho Hermoso, and with the addition of 2 to 3 additional wells to the Rancho Hermoso drilling program in 2011, bringing the total RH wells to be drilled in 2011 to 6 the Corporation is currently revising its guidance for calendar 2011.

The Corporation announced a US\$106 million capital budget in 2011 for exploration and development activities in Colombia, Guyana and Brazil. The budget includes the drilling 39 gross wells (13 net wells), which include 6 exploration wells and 33 appraisal and development wells. In addition, the Corporation plans to acquire 650 kilometres of 2D exploration seismic, the building of an early facility at the Capella discovery, the continued expansion of its operated Rancho Hermoso production facilities, and funding the Corporation's share of the OBC pipeline project in Colombia.

On the exploration side, the Corporation has met with success in its non-operated Ombu E&P contract in Colombia, with the discovery of the Capella oil field. This significant discovery, currently being appraised, will yield near term production and reserves gains, and represents a long term development project with large heavy oil reserves upside. The Capella reserves increased by 100% from F2009 to F2010 in net after royalty proven and probable reserves from 2.1 to 4.2 million net barrels and resulted in a 227% increase in net associated NPV10 to US\$64.7 million. The Corporation's proven, probable and possible net reserves after royalty increased by 279% from 3.6 to 9.9 million net barrels, with net associated NPV10 increasing 644% to US\$182 million.

The Corporation has acquired the Pacarana, Tamarin and Cedrela contracts adjacent to the Capella oil field and two additional blocks in the bid Round 10 in Colombia. The Corporation has also completed a seismic program on the Tamarin E&P contract, and has completed an airborne magnetic gravity survey on the Pacarana TEA. The 2 new E&P contracts secured from the ANH in Round 10, the COR 11 and COR 39 blocks are expected to be drilled late in 2011.

In Guyana, the Corporation has a 65% working interest in a large onshore exploration block that contains an existing light oil discovery, Karanambo, and 2 large exploration prospects. The Corporation plans to complete the drilling of the first well in second calendar quarter of 2011, and drill a second exploration well on Takutu block by May 2011, on either the Rewa or Pirara River prospectus, depending on the outcome of the K-2 well.

SHARES OUTSTANDING (as at February 11, 2011)

There are an unlimited number of no par value common shares authorized for issuance. Details of the issued and outstanding shares are as follows:

Issued & Outstanding Share Capital

| | |
|---|--------------------|
| Number of shares issued and outstanding, December 31, 2010 | 451,702,055 |
| Issued to consultants for services | 11,238 |
| Warrants exercised | 408,912 |
| Stock options exercised | 1,176,666 |
| Debentures converted | 2,028,250 |
| Number of shares issued and outstanding, February 11, 2011 | 455,327,121 |

Subsequent to the three months ended December 31, 2010, 1,176,666 shares were issued on exercise of options, 408,912 shares were issued on exercise of warrants, 11,238 shares were issued to consultants for services and C\$2.1 million in 8% debentures were converted, resulting in the issuance of 2,028,250 common shares.

OPTIONS OUTSTANDING (as at February 11, 2011)

The following are the outstanding stock options issued by the Corporation and their respective exercise prices and expiry dates. At February 11, 2011, vested stock options totalling 13,795,437 options were exercisable at a weighted average exercise price of \$0.44 per common share and a total of 35,688,771 options were issued and outstanding at a weighted average exercise price of \$0.72.

Stock Options Outstanding

| | Number | Weighted Average Exercise Price | Expiry Date Range |
|-----------------------------------|-------------------|------------------------------------|-------------------|
| Balance, December 31, 2010 | 30,200,437 | \$0.53 | |
| Option Grants | 6,665,000 | \$1.50 | January 21, 2016 |
| Exercised | 75,000 | \$1.01 | February 27, 2011 |
| | 993,334 | \$0.10 | January 6, 2014 |
| | 24,999 | \$0.35 | November 6, 2014 |
| | 83,333 | \$0.60 | January 19, 2015 |
| | 1,176,666 | | |
| Balance, February 11, 2011 | 35,688,771 | \$0.72 | |

WARRANTS OUTSTANDING (as at February 11, 2011)

| Warrants Outstanding | Number | Weighted Average Exercise Price | Expiry Date |
|--|------------------|------------------------------------|------------------|
| Warrants Outstanding at December 31, 2010 | 6,147,500 | \$0.18 | May 14, 2011 |
| | 1,200,000 | \$0.18 | May 28, 2011 |
| | 386,912 | \$0.28 | January 23, 2011 |
| | 7,734,412 | | |
| Exercised Warrants | 22,000 | \$0.18 | May 28, 2011 |
| | 386,912 | \$0.28 | January 23, 2011 |
| Warrants Outstanding at February 11, 2011 | 7,325,500 | \$0.21 | 5 months |

As part of the May 14 and 28, 2009 private placements, 24,000,000 warrants were issued. Each warrant entitled the holder to acquire one common share at a price of \$0.18 (C\$0.20) until May 14, 2011 (first closing) and May 28, 2011 (second closing). 16,674,500 of these warrants have been

exercised as of February 11, 2011.

On July 23, 2009, the Corporation issued 1,109,524 warrants in connection with a private placement at an exercise price of \$0.28 (C\$0.30). In addition, the Corporation issued 1,500,000 warrants in connection with the sale of a promissory note receivable at an exercise price of \$0.28 (C\$0.30) for 18 months. All of these warrants have been exercised as of February 11, 2011.

RISK FACTORS

The Corporation is subject to several risk factors including, but not limited to: the volatility of oil and natural gas prices; foreign exchange and currency risks; general risks related to foreign operations such as political, economic, regulatory and other uncertainties as they relate to both foreign investment policies and energy policies; governments exercising from time to time significant influence on the economy to control inflation; developing environmental regulations in foreign jurisdictions; discovery of new oil and natural gas reserves; concentration of oil sales receipts with a few major customers; substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the long-term for which additional financings may be required to implement Canacol's business plan.

As the Corporation has not experienced sufficient positive cash flow from operations to independently finance its growth and operations, it has been reliant on access to capital in the form of both debt and equity to fund on-going operations and to fund capital investments. Although periodic volatility of financial and capital markets may severely limit access to capital, the Corporation has been able to successfully attract the required investment capital.

The Corporation is exposed to foreign exchange and currency risk as a result of fluctuations in exchange rates through its cash deposits and investments denominated in the Colombian Peso (COP\$), the Brazil Real (BRL\$), and the Canadian dollar (C\$) as well as its debt balances which are denominated in US\$.

Much of the Corporation's revenue and exploration and development costs are expected to be received/paid in or referenced to US\$ denominated prices while a significant portion of its operating and general and administrative costs are denominated in Canadian dollars, the BRL\$, and the COP\$. As a result of ongoing adverse conditions, the Brazilian Real and the Colombian Peso have seen significant variation against the US\$ during 2010 and it continues to have significant daily fluctuations making this particular currency risk more acute. The Corporation has not entered into currency derivatives for its continuing operations in order to reduce its exposure to fluctuations between the US dollar, Colombian Peso, or the Brazilian Real. Such derivatives may be considered in future periods.

The line of credit in Colombia bears interest at the Deposit a Termino Fijo ("DTF") interest rate, a Colombian benchmark interest rate, plus 2% per annum on the balance outstanding resulting in an average rate of 5.5%.

In addition to the lines of credit discussed above, the Corporation, through its subsidiary Rancho Hermoso, also obtained three additional unsecured revolving lines of credit with an aggregate borrowing base of \$5,520 (COP\$ 10.6 billion). The lines of credit have similar interest rates as described above. The Corporation has not drawn down any amounts under these lines of credit.

Fluctuations in energy prices will not only impact revenues of the Corporation but may also affect lending policies of the Corporation's lenders for existing and new borrowings. Crude oil prices are correlated with overall global economic growth and activity. The continuing volatility in the global economic environment has resulted in significant variation in crude oil prices over the last year. Any dramatic drop in crude oil prices will have a negative impact on the profitability of the Corporation which in turn will impact the operational cash flows of the Corporation as well as on its ability to

finance capital expenditures. In absence of externally-source capital, this could limit growth prospects over the short run or may even require the Corporation to dispose of assets.

The Corporation entered into four oil price financial derivative collars with the following terms.

WTI crude oil financial option collar:

| Period | Volume | Type | Price Range |
|-----------------------|---------------|--------------------------|------------------------|
| Jan 2011 – Aug 2011 | 114 bbls/day | Financial WTI Oil Collar | US\$55.00 - US\$80.25 |
| May, 2010 – Aug, 2011 | 500 bbls/day | Financial WTI Oil Collar | US\$70.00 - US\$100.45 |
| Nov 2010 – Oct 2011 | 500 bbls/day | Financial WTI Oil Collar | US\$70.00 - US\$100.00 |
| Dec 2010 – Nov 2011 | 500 bbls/day | Financial WTI Oil Collar | US\$70.00 - US\$100.00 |

The fair value of these transactions is based upon the estimated amounts that would have been paid to or received from counter parties in order to settle the transactions outstanding with reference to the forward prices as of the reporting date. The contracts have been transacted with a counter party with whom management has assessed credit risk and deemed no adjustment for credit risk is required in determining the estimated settlement price. In addition, the contracts are based on standard industry contracts and the Corporation does not feel that there is a liquidity risk associated with them and no adjustment has been recorded in computing their valuation. While commodity contracts activities may have opportunity costs when realized prices exceed commodity contract pricing, such transactions are not meant to be speculative and are considered within the broader framework of financial stability and flexibility. Management continuously reviews the need to utilize such techniques.

The Corporation’s policy is to enter into agreements with customers that are well established and well-financed entities in the oil and gas industry such that the level of risk associated with one or more of its customers facing financial difficulties is mitigated while balancing factors of economic dependence with profit maximizing. To date, the Corporation has not experienced any material credit loss in the collection of accounts receivable. All Brazilian oil sales made through the Joint Venture are to a single customer who is the government energy Company (Petrobras), while in Colombia all oil sales revenue and tariff oil revenue comes from three customers of which two are also government entities (Petrobras Colombia, Ecopetrol and Hocol). Management continuously reviews its relationships with its customers to minimize any exposure risks.

The Corporation attempts to mitigate its business and operational risk exposures by maintaining comprehensive insurance coverage on its assets and operations, by employing or contracting competent technicians and professionals, by instituting and maintaining operational health, safety and environmental standards and procedures and by maintaining a prudent approach to exploration and development activities. The Corporation also addresses and regularly reports on the impact of risks to its shareholders, writing down the carrying values of assets that may not be recoverable.

CRITICAL ACCOUNTING ESTIMATES

Canacol’s significant accounting policies are contained in Note 2 to the audited consolidated financial statements for the year ended June 30, 2010.

Currency translation

The accounts of the self-sustaining Canadian parent are translated using the current rate method, whereby assets and liabilities are translated at the period-end exchange rates and revenues and expenses are translated using average period exchange rates. Translation gains and losses relating to the self-sustaining operations are included as part of accumulated other comprehensive income. The Corporation continues to use the temporal method to translate the operations of its Brazilian subsidiaries as detailed in the Corporation’s annual consolidated financial statements.

Revenue recognition

The Corporation receives tariff revenue under a risk service contract with Ecopetrol in which a tariff price per barrel of tariff oil production is paid to the Corporation. Ecopetrol is a Mixed Economy Company, with a commercial orientation, organized as an "Anonymous Society" (equivalent to a Corporation), under the Ministry of Mines and governed by the Social Statutes. Ecopetrol S.A. carries out hydrocarbon exploration, production, and transportation activities in Colombia both directly and through participation agreements with other companies operating in Colombia. The Corporation recognizes revenue based on production of tariff oil and collection is reasonably assured.

All contracts that Rancho Hermoso S.A. ("RHSA") has signed with Ecopetrol are "risk contracts" because RHSA makes all investments and is in charge of producing at its own cost and risk. RHSA takes the risk regardless of the outcome. However, there are differences depending how the contract rewards RHSA. There are two cases:

In the case of production from the Mirador formation in the RHSA field, it is a service contract because all of the crude belongs to Ecopetrol and RHSA gets paid through a tariff per barrel. RHSA provides the service for oil production. This is referred to as a Risk Service Contract.

In the other cases (such as Ubaque in Rancho Hermoso and all formations in Entrerrios), the contract is a participation contract because RHSA is entitled to a proportion of the production. Therefore, RHSA gets paid its share of the oil production sold in the market. This is referred to as a Risk Participation Contract.

Exploration contracts refer to activities that the Corporation performs to determine the existence and location of hydrocarbons in the subsurface, including but not limited to geophysical and geochemical methods, and other operations to determine whether the discovery is a commercial field.

With regards to the Corporation's accounting policies, certain policies are recognized as critical because in applying these policies management is required to make judgments, assumptions, and estimates that have a significant impact on the financial results of the Corporation. The estimates used in applying these critical accounting policies are regularly reviewed and have been discussed with the Audit Committee. These policies include:

Income taxes

The Corporation uses the liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are based on the differences between asset and liability balances reported for financial accounting purposes and those reported for income tax. Future income tax assets and liabilities are measured using the substantively enacted tax rates expected to apply in the years in which the temporary differences are expected to be recovered or settled. Future income tax assets are recognized to the extent that they are more likely than not to be realized.

Property, plant, and equipment

Depletion and depreciation

Petroleum and natural gas properties are recorded in accordance with the Canadian Institute of Chartered Accountants' guideline on full cost accounting for the oil and gas industry whereby all costs relating to the exploration and development of petroleum and natural gas reserves are capitalized on a country-by-country basis. Such costs include land acquisition costs, geological and geophysical costs, costs of drilling both productive and non-productive wells, production equipment, and overhead charges directly related to acquisition, exploration, and development activities. Gains or losses on disposal of properties are recognized only when crediting the proceeds to the recorded costs would result in a change of 20% or more in the depletion and depreciation rate.

Ceiling test and unproved properties

An impairment loss is recognized in net earnings when the carrying amount of a cost centre of petroleum and natural gas assets and properties is not recoverable and the carrying amount of the

cost centre exceeds its fair value. The carrying amount of the cost centre is tested for recoverability by determining if the carrying amount exceeds the sum of the undiscounted cash flows from proved reserves. If the sum of the cash flows is less than the carrying amount, the impairment loss is limited by the amount by which the carrying amount exceeds the sum of the fair value of the proved and probable reserves and the costs of unproved properties that are subject to a separate impairment test.

Certain costs related to unproved properties and major development projects are excluded from costs subject to depletion and depreciation until the earliest of a portion of the property becomes capable of production, development activity ceases, or impairment occurs. These properties are reviewed quarterly and are subject to a separate impairment test. Any impairment is transferred to the costs being depleted. If the properties are located in a cost centre where there is no reserve base, the impairment is charged directly to earnings.

Asset retirement obligations

The fair value of the estimated asset retirement obligations is recognized in the consolidated balance sheet in the period which the liability is identified and incurred and a reasonable estimate of the fair value can be made. The obligations recognized are the legal obligations of the Corporation to retire and perform site restoration on tangible long-lived assets such as well sites. The obligations are discounted to their present value using the Corporation's credit adjusted risk-free interest rate. The corresponding amount increases the carrying amount of the related asset. The liability is accreted over time for changes in the fair value of the liability through charges to accretion expense. The amounts capitalized to the related assets are amortized to earnings over the expected remaining life of the underlying resources using the unit of production method. Actual costs incurred upon settlement of the asset retirement obligations are charged against the obligation to the extent of the liability recorded.

Stock based compensation plan

The Corporation records compensation expense in the consolidated financial statements for stock options granted to employees, directors, and consultants using the fair value method. Fair values are determined using the Black-Scholes option pricing model with compensation costs recognized over their vesting period. Any consideration paid to the Corporation on the exercise of stock options, along with amounts previously credited to Contributed Surplus, is credited to share capital.

Financial instruments

The Corporation's financial assets and liabilities consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities, convertible debentures, currency and commodity derivatives, and long-term debt. The fair value of these financial assets and liabilities approximates their carrying value, unless otherwise noted.

IMPACT OF NEW AND PROPOSED ACCOUNTING STANDARDS

Business combinations

In January 2009, the Accounting Standards Board ("AcSB") issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted. The Corporation plans to adopt this standard July 1, 2011 and does not expect the adoption of this statement to have a material impact on its results of operations or financial position.

Consolidated financial statements and Non-controlling interests

In January 2009, the AcSB issued Sections 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted. The Corporation plans to adopt these standards effective July 1, 2011 and does not expect the adoption will have a material impact on its results of operations or financial position.

Goodwill and intangible assets

In February 2008, the CICA issued Section 3064, “Goodwill and Intangible Assets”, replacing Section 3062, “Goodwill and Other Intangible Assets” and Section 3450, “Research and Development Costs”. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company has adopted the new standards for its fiscal year beginning July 1, 2009. It establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062.

International Financial Reporting Standards (IFRS)

In April 2008, the CICA published the exposure draft “Adopting IFRSs in Canada”. The exposure draft proposes to incorporate IFRS into the CICA Accounting Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRS. The Corporation is preparing the diagnostic analysis that identifies differences between the Corporation’s current accounting policies and IFRS to determine the impact of these differences and assess the need for amendments to existing accounting policies in order to comply with IFRS.

The Corporations’ June 30 fiscal year end requires IFRS financial statements for its fiscal year beginning on July 1, 2011.

MAINTENANCE OF DISCLOSURE CONTROLS AND PROCEDURES (DC&P) AND INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

Management and the Board of Directors are committed to the promotion of investor confidence by ensuring that trading in the Corporation’s securities takes place in an efficient, competitive, and informed market. In accordance with the continuous disclosure requirements under the securities commission rules, TSX Venture Exchange policies and BVC policies, the Corporation has adopted a Corporate Disclosure Policy and has procedures in place to ensure that any sensitive information is identified, reviewed by management, and disclosed in a timely manner to the regulatory authorities, shareholders, and the public.

However, in contrast to the requirements under National Instrument 52-109 Certification of Disclosure in Issuers’ Annual and Interim Filings (NI 52-109), the Corporation has opted out under the rules afforded to TSX Venture issuers and Management and the Board do not make any representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109.

No material changes in maintenance of disclosure controls and procedures and internal control over financial reporting were required due to the BVC listing.

ADDITIONAL INFORMATION

Additional information relating to the Corporation's regulatory filings can be found on SEDAR at www.sedar.com.

Corporate Information

Management Team

Charle Gamba – President & Chief Executive Officer
Mark Holliday – Chief Operating Officer
Mark Teare – Vice President Exploration
Brian Hearst – Chief Financial Officer

Board of Directors

Michael Hibberd, Chairman
Luis Baena
Alvaro Barrera
Jason Bednar
Charle Gamba
Stuart Hensman
David Winter

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Auditors

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Bankers

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HSBC Bank Brasil - Rio de Janeiro, Brazil
Citibank, Bogota, Colombia

Independent Reserve Engineers

DeGolyer and MacNaughton Canada Limited
Ryder Scott Company LP

Legal Counsel

Davis LLP - Canada
Schmidt, Valois, Miranda, Ferreira & Agel – Brazil
Salazar Asociados Abogados - Colombia

Stock Exchange Listings

TSX Venture Exchange: CNE.V
BVC Colombia: CNE.C
TSX Venture Exchange (Debentures): CNE.D

Transfer Agent & Registrar

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