



Canacol Energy Announces Farm-in to the Andaquies and Coati E&P Contracts in Colombia

CALGARY, ALBERTA – (May 30, 2011) Canacol Energy Ltd. ("Canacol" or the "Corporation") is pleased to announce that it has entered into a binding term sheet, subject to the finalization of definitive Farm-in and Joint Operating Agreements, with C&C Energia Ltd. (the "Operator") for the farm-in to a portion of the Operators working interest in the Andaquies and Coati Exploration and Production ("E&P") contracts located in the Putumayo basin in Colombia. The Coati and Andaquies E&P contracts are royalty contracts governed under the terms of the Agencia Nacional de Hidrocarburos. C&C Energia Ltd. will continue to function as the Operator of both blocks.

Charle Gamba, President and CEO of Canacol, commented "We are pleased to be partnering with C&C Energia on these two contracts, which add three light oil exploration wells to our four well exploration drilling program in Colombia this year."

Upon the Corporation meeting its obligation to pay 72% of the cost associated with acquiring seismic and drilling one exploration well it will earn 36% of the Operators 90% working interest in the Andaquies E&P contract. Upon the Corporation meeting its obligation to pay 80% of the cost associated with acquiring seismic and drilling one exploration well it will earn 40% of the Operators 100% working interest in the Coati contract.

The Operator plans to drill three exploration wells targeting light oil prospects in the second half of 2011, two on the Andaquies contract and one on the Coati contract, pending the receipt of all necessary permits and approvals.

Canacol is a Canadian-based international oil and gas corporation with operations in Colombia, Guyana, and Brazil. Canacol is publicly traded on Toronto Stock Exchange (TSX: CNE) and the Bolsa de Valores Colombia (BVC: CNEC). The Corporation's public filings may be found at www.sedar.com.

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur, including without limitation statements relating to estimated production rates from the Corporation's properties and intended work programs and associated timelines. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results

and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

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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