



Canacol Energy Ltd. Announces Grant of Options and Issuance of Deferred Share Units

CALGARY, ALBERTA -- (June 21, 2010) – Canacol Energy Ltd. (“Canacol” or the “Corporation”) (TSX VENTURE: CNE) is pleased to announce that the Corporation has granted 1,200,000 stock options to an officer of the Corporation. The options will be granted at an exercise price of \$0.75 per common share and will expire five years from the date of grant. The Corporation also issued to this officer 360,000 common shares (the “**Deferred Share Units**”) at a price of \$0.75 per common share. The Deferred Share Units will vest as 25% every six months from the date of issuance over a period of two years. The Corporation has determined that exemptions from the various requirements of TSX Venture Exchange Policy 5.9 are available for the granting of the options and the issuance of the Deferred Share Units.

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 (TSX VENTURE:CNE). The Corporation's public filings may be found at www.sedar.com.

This press release may contain statements within the meaning of safe harbour provisions as defined under Securities Laws and Regulations. The above statements are based on the current expectations and beliefs of Canacol's management and are subject to a number of risks and uncertainties that may cause the actual results to differ materially from those described above.

This press release contains certain forward-looking statements within the meaning of applicable securities law. Forward-looking statements are frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. The Corporation cannot assure that actual results will be consistent with these forward looking statements. They are made as of the date hereof and are subject to change and the Corporation assumes no obligation to revise or update them to reflect new circumstances, except as required by law. Prospective investors should not place undue reliance on forward looking statements. These factors include the inherent risks involved in the exploration for and development of crude oil and natural gas properties, the uncertainties involved in interpreting drilling results and other geological and geophysical data, fluctuating energy prices, the possibility of cost overruns or unanticipated costs or delays and other uncertainties associated with the oil and gas industry. Other risk factors could include risks associated with negotiating with foreign governments as well as country risk associated with conducting international activities, and other factors, many of which are beyond the control of the Corporation.

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