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Canacol Announces Successful Bid for Carrao Energy Ltd.

CALGARY, November 28, 2011 - Canacol Energy Ltd. (TSX: CNE) (BVC: CNEC) ("Canacol") is pleased to announce that its offer (the "Offer") to acquire all of the outstanding shares ("Common Shares") of Carrao Energy Ltd. ("Carrao") has expired with approximately 97% of the Carrao Shareholders tendering.

A total of 115,948,243 Common Shares of Carrao have been validly deposited to the Offer. As all of the conditions of the Offer are expected to be satisfied, Canacol expects to take up and pay for Offer all of the deposited Common Shares in accordance with the Offer on Tuesday November 29, 2011.

As more than 90% of the Common Shares sought were deposited to the Offer, Canacol intends to acquire all of the remaining Carrao Common Shares not deposited under the Offer pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (British Columbia).

ABOUT CANACOL

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 de Colombia S.A (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 anticipated benefits results from the transaction described in this press release. 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.

Forward-looking information is based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by Canacol and described in the forward-looking information. The material risk factors affecting Canacol and its business are contained in Canacol's Annual Information Form, which is available under Canacol's issuer profile on Sedar (www.sedar.com).

The forward-looking information contained in this press release is made as of the date hereof and Canacol undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this press release is expressly qualified by this cautionary statement.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy securities in the United States, nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

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