



Canacol Energy Ltd. Provides Update on the Apoteri K-2 Exploration Well in Guyana

CALGARY, ALBERTA- (April 25, 2011) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE:CNE) (BVC:CNEC) provides the following update of the Apoteri K-2 ("K-2") exploration well on the Takutu Block in Guyana. The K-2 well reached the programmed total measured depth of 9,812 feet within the Apoteri Formation, the primary target of the well, on April 20, 2011. The top of the Apoteri Formation was encountered at 8,300 feet measured depth ("ft md"), with light oil and gas shows encountered from 8,300 to 9,376 ft md. Reservoir quality in this zone however is poor based on openhole logs and drilling indicators. Three drill stem tests ("DST's") were performed in this interval, one was a mechanical failure and the other two were mechanically successful but failed to recover any reservoir fluids, indicating very tight reservoir.

Starting at 9,764 through to 9,812 ft md mud losses of up to 3.6 barrels per minute were encountered, indicating the presence of a significantly fractured reservoir zone within the Apoteri Formation in proximity to the main bounding fault. A DST was performed across this fractured interval on April 22, 2011, testing approximately 1,500 barrels of formation water per day with no trace of oil. Although excellent reservoir quality was encountered in this interval of the Apoteri Formation, the fractured reservoir appears to have been penetrated below the oil – water contact, defined by the interval of oil and gas shows higher up in the section between 8,300 and 9,376 ft md.

Over the course of the next week the Apoteri K-2 well will be permanently abandoned, and the consortium is currently evaluating the next exploration drilling location on the block.

Canacol has a 65% working interest in the contract, with Groundstar Resources Limited ("Groundstar"), the operator of the Petroleum Prospecting License ("PPL"), holding 10%. Sagres Energy Inc. has earned a 25% working interest in the PPL from Canacol by paying for 30% of the cost to drill the K-2 exploration well.

Canacol is a Canadian-based international oil and gas corporation with operations in Colombia, Guyana, and Brazil. Canacol is publicly traded on TSX Venture Exchange (TSXV: 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. Prospective resources are defined as those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

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