



Canacol Energy Ltd. Provides Operational Update on its Capella Heavy Oil Discovery in Colombia

CALGARY, ALBERTA - (June 15, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce the following operational update associated with its Capella heavy oil discovery in Colombia. On July 9, 2008, the Corporation entered into a farm-out agreement with Emerald Energy Plc. ("Emerald"), the operator of the contract, earning a 10% working interest, subject to the approval of the ANH, by paying 100% of the cost of the drilling and testing of the Capella 1 well.

Emerald has completed initial well testing operations on the Capella 6 well, located approximately 4.2 km southwest of the Capella 1 discovery well. The vertical well, drilled to a total depth of 3,645 feet on March 30, 2009, flow tested at approximately 200 barrels of oil per day from 2 reservoir intervals. The well penetrated both of the Mirador reservoir intervals with good oil and gas shows. In the upper Mirador, the well encountered 80 feet of potential net hydrocarbon pay within a thick continuous sandstone reservoir exhibiting up to 37% porosity and no bottom water. This greatly exceeds the previous maximum thickness of 23 feet of net potential hydrocarbon pay encountered within the upper Mirador in the Capella 2 well, and indicates that the main reservoir interval thickens considerably towards the southwest portion of the field, 4.2 km away from the discovery well. Core composed of oil saturated porous sand was recovered from the entire upper sandstone reservoir interval while drilling.

Three cased hole flow tests were conducted in the upper Mirador interval and in each test the oil production stabilized at a rate of approximately 100 barrels per day with a water cut in the range of 2% to 5%. Based on an interpretation of the test results, the Corporation believes that the rate was limited by a combination of sand production, pump capacity and the available completion equipment. The Corporation believes that there is potential to increase the rate from this interval by optimizing the design of the well production equipment.

The Capella 6 well also encountered 175 feet of lower Mirador conglomerate, with good oil and gas shows observed to a depth of 3,605 feet, some 130 feet deeper than recorded in the offset wells. Following the first open-hole test of the full lower Mirador conglomerate interval at Capella 6, which produced approximately 295 barrels of fluid per day with a water cut of approximately 90%, the lower part of the interval was isolated with a cement plug and the remaining interval was subsequently flow tested. During this flow test, oil production stabilized at a rate of approximately 90 barrels per day with a water cut of approximately 25%.

To date, 6 wells have been drilled in an area of approximately 30 square kilometres within the southern part of the Capella discovery. Using oil column height information obtained from the wells, and the structural interpretation derived from the existing 2D seismic, the field has a mapped area of approximately 89 square kilometres (22,000 acres), indicating the presence of a significant oil discovery.

Based on the results of the Capella 6 well, Emerald plans to drill the first horizontal well in the field to target the thicker upper Mirador sand in the area of the Capella 6 well, and has scheduled drilling of this well for the late third or early fourth quarter of 2009 to allow time to optimize the drilling and completion design. Production testing of the Capella wells continued on an intermittent basis in May due to marketing constraints, with an average monthly gross oil production rate during the month of approximately 250 barrels per day and a daily maximum of approximately 700 barrels per day from 3 of the 6 wells drilled by the Operator.

Charle Gamba, President and CEO of Canacol, commented “We are very pleased with the drilling results to date at the Capella Field. The thickness of the upper Mirador sandstone reservoir encountered in the Capella 6 well significantly exceeded expectation, and will have a positive impact on increasing our estimates of the amount of oil in place in the field. We look forward to completing the remainder of the drilling program through 2009 to more clearly define the size of this significant oil discovery.”

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.

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