



Canacol Energy Ltd Announces Participation in Colombian Oil Pipeline Consortium

CALGARY, ALBERTA- (November 12, 2010) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE:CNE) (BVC:CNE.C) is pleased to announce its participation in the Sociedad Oleoducto Bicentenario de Colombia S.A.S. ("OBC"), a consortium composed of seven shareholders. The Corporation, through its 100% owned Colombian subsidiary Rancho Hermoso S.A., has a 0.5% interest in the OBC.

The OBC has as its objective the construction of a private use oil pipeline between Casanare and Covenas that will be 960 kilometers long and have a final capacity of 450,000 barrels of oil per day. The pipeline will be the largest of its kind in Colombia and will be developed in four phases. The first phase, which will join the Araguaneý station in Casanare with Banadia in Arauca, will entail the investment of US\$ 1.031 billion, of which 70% will come from a credit facility to be capitalized by the seven partners and 30% from direct capital contributions. With the partner's entailment, the execution of the first phase is approved. Once the technical and financial studies for the subsequent phases are concluded, the remainder of the project will be presented to partners for approval. The total pipeline investment is estimated to be US\$ 4.2 billion and all phases are expected to be finalized by December 2012.

Participation in the first phase of the project ensures long term delivery of the Corporation's crude oil from its operated Rancho Hermoso and Entrerrios fields located in the Llanos Basin of Colombia. Funding of the Corporation's 0.5% interest in the first phase will come from a combination of cash on hand and cash flow.

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 (TSXV: CNE) and the Bolsa de Valores Colombia (BVC: CNE.C). 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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