

*Canacol Energy Ltd Cases Executes Rig Contract for Guyana Exploration Well*

CALGARY, ALBERTA- (April 21, 2010) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE - CNE) is pleased to announce that it has executed a contract with Tuscany South America Limited ("Tuscany") for the provision of the 1,500 horse power drilling rig #110 for the purpose of drilling its K-2 exploration well in Guyana. Upon the execution of the contract Tuscany commenced mobilization of the drilling rig from Oklahoma, USA, to Guyana. It is anticipated that the rig will arrive on location within 60 to 75 days, and that drilling will commence shortly thereafter. Canacol has a 90% working interest in the Takutu PPL, which contains the Karanambo discovery drilled by Home Oil in 1982.

The Corporation plans to drill the K-2 well to a planned total depth of approximately 11,000 feet measured depth. The bottom hole location for the K-2 well will be approximately 400 meters northwest of the Karanambo 1 discovery well, and will target the same productive reservoirs that tested over 400 barrels of oil per day of 42° API light oil in 1982. Gaffney Cline and Associates attributed gross mean recoverable prospective resources of 128 million barrels of oil to the discovery in the December 2009 report compiled for the Corporation. The joint venture to date has completed the construction of the drilling pad, access roads, and staging areas in preparation of drilling, has purchased and mobilized tubular and wellheads sufficient for 3 wells which are now in country and on location. The well is anticipated to take 50 days to drill and test, and if successful will be put on a long term production test to establish the deliverability and performance of the reservoirs.

Canacol's partners include Sagres Energy Inc. (TSXV:SGI), who are eligible to earn a 25% working interest in the PPL by paying for 30% of the cost to drill the K-2 exploration well, and Groundstar Resources Corp. (TSXV:GSA) who hold a 10% working interest in the PPL.

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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