



FOR IMMEDIATE RELEASE
TSX-Venture: CNE
Calgary, Alberta

March 31, 2010

Canacol Energy Ltd Cases the Recio 1 Exploration Well as Potential Oil Discovery in Colombia

CALGARY, ALBERTA- Canacol Energy Ltd. ("Canacol" or the "Corporation") is pleased to announce that it has cased the Recio 1 exploration well in Colombia as a potential oil discovery, the first of three exploration wells the Corporation plans to drill in 2010. The Recio 1 well is located on the Sierra Exploration and Production Contract ("Sierra E&P Contract") in the Middle Magdalena Basin of Colombia. The Sierra E&P Contract was awarded to the Corporation in 2007 by the Agencia Nacional de Hidrocarburos, and the Corporation is the operator of the contract with a 25.5% working interest.

The Recio 1 well targeted the Lower Tertiary Honda Formation, which is a prolific oil producer within the Middle Magdalena Basin of Colombia. The Recio 1 exploration well was spud on March 15, 2010 and reached total depth of 1,812 feet measured depth on March 22, 2010. The well encountered approximately 10 feet of potential oil pay within a sandstone of the Middle Honda Formation at 1,548 to 1,558 feet measured depth, with good oil and gas shows while drilling. The well also encountered approximately 27 feet of potential oil pay within a sandstone of the Lower Honda Formation at 1,608 to 1,635 feet measured depth, also with good oil and gas shows while drilling. The Corporation plans to test both zones, and will report the results when available.

The Recio 1 well is the first of 15 wells that the Corporation plans to drill in 2010, three of which are exploration. The other two exploration wells include the K-2 exploration well in Guyana and one exploration well in Brazil, both of which the Corporation plans to spud in Q2 and Q3 of 2010 respectively.

Partners in the Recio 1 well include Benchmark Energy Corp. (25.5%), TC Oil and Services (24.5%), and Winchester Oil and Gas S.A. (24.5%).

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). 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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