



Canacol Energy Ltd. Provides Update of the Tamarin 1 Exploration Well in Colombia

CALGARY, ALBERTA- (Monday October 31, 2011) Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE) (BVC:CNEC) announces that the Tamarin 1 exploration well, the first of five exploration wells the Corporation plans to drill in the Caguan – Putumayo Basin of Colombia, is being plugged and abandoned. The Tamarin 1 well was drilled on the Tamarin Exploration and Production ("E&P") Contract, where the Corporation holds a 100% operated working interest. The Corporation also has a 100% operated working interest in two offsetting contracts, the Cedrela and Sangretoro E&P Contracts, where the Corporation plans to drill four additional exploration wells prior to mid-year 2012.

The Tamarin 1 exploration well was spud on October 17, 2011 and reached a total depth of 2,774 feet on October 28, 2011 without incident. The primary Mirador sandstone reservoir was encountered as anticipated with approximately 60 feet of porous sandstone, but was wet with only minor oil shows. The well is currently being plugged and abandoned.

The Corporation plans to drill two exploration wells on its Cedrela E&P Contract, followed by two additional wells on its Sangretoro E&P Contract, through to mid-year 2012.

Canacol is a Canadian-based international oil and gas corporation with operations in Colombia, Guyana, and Brazil. Canacol is publicly traded on the Toronto Stock Exchange (TSX: 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.

For further information please contact:

Kevin Flick, Vice President of Capital Markets and Investor Relations
Toll Free: 1-877-272-4402 / Cell: 1-214-235-4798
Email: kflick@canacolenergy.com
www.canacolenergy.com