

Canacol Energy Ltd. Secures US\$ 200 Million Credit Facility

CALGARY, ALBERTA - (June 8, 2012) - Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX:CNE; BVC:CNEC) is pleased to announce that it has entered into an agreement, through a wholly owned subsidiary, for a US\$ 200 million credit facility with a syndicate of banks led by Scotiabank as Sole Lead Arranger and Administrative Agent, and including Citibank as Documentation Agent. The initial borrowing base of US\$ 85 million under the credit facility, which remains subject to the satisfaction of certain conditions precedent set forth in the credit agreement, consists of a reserve-based revolving facility of US\$ 55 million and a term facility of US\$ 30 million to replace the Corporation's existing gas plant credit facility. The revolving facility has a three year term and is subject to re-determination of the borrowing base semi-annually on April 1 and October 1 each year, beginning on October 1, 2012. The borrowing base is determined based on, among other things, the Corporation's current reserve report, results of operations, the lenders view of the current and forecasted commodity prices and the current economic environment. Advances under the revolving facility bear interest at rates ranging from LIBOR plus 2.50% - 3.25% per annum, depending on utilization. Undrawn amounts under the revolving facility bear a commitment fee of 0.5% per annum. The term facility carries terms that are materially consistent with the Corporation's current gas plant credit facility and will replace such facility. Plexus Capital, LLC advised the Corporation on the transaction.

As at March 31, 2012, the Corporation had US\$ 68.1 million in cash, cash equivalents and restricted cash, and US\$ 43.7 million of working capital surplus. The arrangement of the credit facility provides Canacol with additional financial flexibility to pursue business development opportunities.

Canacol is an exploration and production company with operations in Colombia, Brazil, Guyana, and Ecuador. The Corporation's common stock trades on the Toronto Stock Exchange and the Colombia Stock Exchange under the ticker symbols CNE and CNE.C, respectively.

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:

Investor Relations

800-554-3590, extension 101

Email: IR@canacolenergy.com

<http://www.canacolenergy.com>