



Canacol Energy Ltd Provides Operational Update for the Tamarin and Pacarana Exploration Contracts in the Caguan – Putumayo Basin in Colombia

CALGARY, ALBERTA - (March 17, 2010) Canacol Energy Ltd. (“Canacol” or the “Corporation”) (TSX VENTURE: CNE) is pleased to provide an operational update of its exploration programs for the Tamarin Exploration and Production Contract (“Tamarin E&P”) and Pacarana Technical Evaluation Area Contract (“Pacarana TEA”) in the Caguan – Putumayo Basin of Colombia. The Corporation has a 100% operated working interest in each of the contracts, which were signed with the Agencia Nacional de Hidrocarburos (“ANH”) in 2009. These contracts are located in close proximity to its Ombu E&P contract, the location of the Capella heavy oil discovery made in 2008, which is currently under appraisal.

Charle Gamba, President and CEO of Canacol, stated “These exploration assets have the potential to deliver material high-impact oil discoveries like Capella, and we are pleased to have the ability, as operator, to accelerate the work associated with the exploration programs for both of these blocks. Our intention is to acquire all of the data earlier than scheduled in order to accelerate our plans to drill these exploration blocks in 2011.”

Tamarin E&P Contract (100% Operated Working Interest)

The Tamarin E&P Contract is 27,487 hectares in size, and is located approximately 40 kilometers (“km”) directly to the southwest of the Ombu E&P Contract which contains the Corporations Capella heavy oil discovery currently under appraisal. Based upon the available geophysical and geological data in this frontier area, the Corporation has determined that the fault trend defining its Capella discovery to the northeast continues onto the Tamarin E&P Contract, setting up the potential for another Capella type heavy oil prospect.

Under the terms of the contract for the Phase 1 exploration period, the Corporation is required to acquire 60 km of 2D by the May 2011. The Corporation then has the option to drill 1 exploration well 18 months after the expiry of the Phase 1 work period. Given the Corporations ongoing success at appraising the nearby Capella oil discovery, Canacol has decided to accelerate the exploration program at Tamarin with the intention to drill an exploration well in 2011, well in advance of the contractual deadline.

On March 3, 2010, the Corporation awarded a contract to Geoenergy Ltda. to acquire 60 km of 2D seismic at an estimated cost of US\$ 1.9 mm. As per the terms of the contract, Geoenergy Ltda. has commenced mobilization of seismic crews, and will start acquisition operations towards the end of March 2010. The Corporation estimates that the seismic program will be completed by late April 2010.

Pacarana TEA (100% Operated Working Interest)

The Pacarana TEA is 470,022 hectares in size, and is located immediately south-east of the Ombu E&P Contract. The work obligations associated with the contract require the Corporation to acquire 2,240 km of aeromagnetic and gravity data and conduct geotechnical studies including the interpretation of available LandSat image data by September 2010. Once again, the Corporation has decided to accelerate the exploration program for the block, and on February 25th, 2010, awarded a contract to Carson Aerogravity (a division of Carson Helicopters Inc.) to acquire 2,428 km of aeromagnetic and aerogravity data. Under the terms of the contract, the acquisition started on March 6th, 2010 and was completed on March 11th at a cost of US\$ 378 m.

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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