



Canacol Energy Ltd. Announces Initial Closing of Private Placement Equity Financing

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES

CALGARY, ALBERTA -- (May 14, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce that it has completed the first closing of its \$6,000,000 private placement financing. Canacol, through Canaccord Capital Corporation (the "Agent"), issued a total of 34,820,000 units ("Units") at a price of \$0.125 per Unit for gross proceeds of \$4,352,500 in this initial closing. Each Unit issued pursuant to the private placement, consisted of one common share of the Corporation ("Common Share") and one-half of one common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to acquire one Common Share at a price of \$0.20 until May 14, 2011. The securities issued pursuant to the private placement are subject to a four-month hold period. A second closing is scheduled to occur on or about May 21, 2009 with respect to the remaining \$1,647,500 in subscriptions.

Charle Gamba, President and CEO of Canacol, stated "We are very pleased to have closed our financing so quickly. These funds, together with the US\$9 million to be advanced by Gemini Oil and Gas Advisors, allow us to execute our development drilling and workover activities in Colombia, which will boost oil production and cash flow in 2009. A portion of the funds will also be used to advance our exploration projects in Guyana and Brazil for 2010 seismic acquisition and drilling."

The Agent received a cash commission equal to 7.5% (3.75% for President's list subscribers) of the gross proceeds raised in the private placement.

Following the completion of the private placement, Canacol has 165,560,489 Common Shares issued and outstanding. The private placement is subject to final TSX Venture Exchange acceptance.

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 (TSX VENTURE:CNE). The Corporation's public filings may be found at www.sedar.com.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any state in the United States in which such offer, solicitation or sale would be unlawful. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release may contain statements within the meaning of safe harbour provisions as defined under Securities Laws and Regulations. The above statements are based on the current expectations and beliefs of Canacol's management and are subject to a number of risks and uncertainties that may cause the actual results to differ materially from those described above.

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. 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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Canacol Energy Ltd.
Mr. Brian Hearst
CFO
(403) 237-9925
Email: bhearst@canacolenergy.com

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.