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Canacol Energy Ltd. Announces 347% Increase in Reserves In 2009

CALGARY, *November 5, 2009* – Canacol Energy Ltd. ("Canacol" or the "Corporation", TSX-V: CNE) is pleased to provide the results of its year-end reserves update for its operated Rancho Hermoso and Entrerrios oil fields in Colombia, its non-operated Capella heavy oil discovery in Colombia, and its non-operated oil fields in Brazil.

The Corporation has increased net 2P reserves by 347%, from 1.247 million barrels of oil (mmbo) in 2008 to 4.334 mmbo in 2009, with a corresponding increase in NPV10 of 72% from US$55.817 million in 2008 to US$96.171 million in 2009. Charle Gamba, President and CEO of Canacol, commented " I am pleased to report that in 2009 we have significantly increased our reserves base and the value of those reserves, mainly through exploration success in Colombia. The Corporation anticipates adding additional reserves to its base with continued appraisal and development drilling activity at its Capella heavy oil discovery in Colombia throughout 2010. The Corporation has also established a significant conventional oil exploration position with interests in 15 exploration contracts covering over 2.4 million net acres. The execution of our exploration programs in 2010 and 2011 has the potential to add significantly to our existing production and reserves base."

The Corporation operates two producing oil fields, Rancho Hermoso (100% working interest) and Entrerrios (60% working interest), located in the Llanos Basin of Colombia. Each field has two contracts governing the production. One contract, a Risk Service Contract, provides a tariff revenue for each barrel produced from the Mirador interval in the Rancho Hermoso field, and the remaining three contracts are production sharing type arrangements whereby the company is entitled to an equity share of the volumes produced net of a royalty payment to the government.

The Corporation has a 10% working interest in the Capella heavy oil discovery in Colombia, located on the Ombu Exploration and Production Contract in the Putumayo – Caguan Basin. The contract was awarded to the operator under the new terms defined by the Agencia Nacional de Hidrcarburos, whereby production is subject to a sliding scale royalty payable to the government. Royalty is determined by various production and reserves thresholds, and varies from a low of 8% to a high of 23%. The royalty level for Capella production is discounted by 25% due to the heavy nature of the crude.

In Brazil the corporation has a non-operated 47.5% working interest in 4 producing oil fields located on the Reconcavo Basin.

The evaluations, effective June 30, 2009, were conducted internally with the assistance of the company's independent reserve evaluator Ryder Scott (Colombia – Rancho Hermoso and Entrerrios Fields), Netherland Sewell (Colombia – Capella oil discovery), and Degolyer and MacNaughton ("D&M") (Brazil), and are in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. The reserves are provided on a net after royalty basis in units of barrels of oil (bbl) using a forecast price deck in US dollars. The estimated values may or may not represent the fair market value of the reserve estimates.

Net After Royalty Reserves Summary (Colombia and Brazil)

	06/30/09	06/30/08
Proven Reserves (Bbls)	1,530,000	321,000
Probable Reserves (Bbls)	2,804,000	926,000
Total Proven plus Probable Reserves (Bbls)	4,334,000	1,247,000
Possible	1,903,000	65,000
Total Proved plus Probable plus Possible	6,237,000	1,312,000

Tariff Oil Summary (Colombia)

	06/30/09	06/30/08
Tariff Volumes (Bbls)	5,812,918	-

Net After Royalty Reserves and Tariff Production NPV10 Summary (Corporate Roll-up)

	06/30/09 NPV10 ($US)	06/30/08 NPV10 ($US)
Proven Reserves plus Tariff Volumes	$36,666,000	$13,571,000
Probable Reserves plus Tariff Volumes	$59,506,000	$42,246,000
Total Proven Reserves plus Probable Reserves plus Tariff Volumes	$96,171,000	$55,817,000
Possible	$19,904,000	$2,818,000
Total Proved plus Probable plus Possible	$116,075,000	$58,635,000

Net present valuations discounted at 10 per cent include the values for both the Risk Service Contract and the net after royalty reserves. For Colombia, the valuations are modeled on this basis because of the commercial benefits that come from distributing field operating expenses between the tariff and net after royalty production in the Rancho Hermoso field. Economic limits for a particular field were inclusive of all contracts associated with that field.

Approximately 180 barrels of oil per day of the net after royalty oil production is currently hedged at a floor of US$55 and a ceiling of US$80.25 per barrel until late 2011 under a contact with Standard Bank Plc executed December 6, 2008. The net after royalty reserve valuations were derived using a forecast price deck as follows:

Year	2009 (6months)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
US$/Bbl WTI	66.00	70.38	74.91	79.59	84.43	88.33	90.09	91.89	93.73	95.61	97.52	99.47

For the tariff production valuation, the Corporation receives an operating tariff from Ecopetrol for each gross produced barrel of oil. The average tariff price for F2009 is US$10.89 per barrel, and is insensitive to West Texas Intermediate oil price fluctuation. Under an existing agreement with Ecopetrol, the tariff will increase through a series of steps each year to approximately US$17.56 per gross barrel in 2011 for the duration of life of field. The average tariff price for 2010 will be US$12.50 per barrel.

Capella Heavy Oil Discovery

The Capella heavy oil discovery, which is included in the above tables, accounts for the majority of additional reserves added during the course of 2009. Netherland Sewell and Associates derived proven, probable, and possible reserves within a relatively small part of the structure that contains the 6 wells drilled to date, and low, most likely, and high estimates of unrisked prospective resources within the remaining undrilled portion of the field that does not yet contain well control. As appraisal and development wells are drilled into these areas, prospective resources may be reclassified as proven and probable reserves. The Capella reserves and net present values are summarized below.

Net After Royalty Reserves Summary (Capella)

	06/30/09
Proven Reserves (Bbls)	878,000
Probable Reserves (Bbls)	1,245,000
Total Proved plus Probable	2,123,000
Possible Reserves (Bbls)	1,432,000
Total Proven plus Probable plus Possible Reserves (Bbls)	3,555,000

Net After Royalty Reserves NPV10 Summary (Capella)

	06/30/09 NPV10 ($US)
Proven Reserves	8,435,000
Probable Reserves	11,327,000
Total Proved Plus Probable	19,762,000
Possible Reserves	8,028,000
Total Proven plus Probable plus Possible Reserves	27,790,000

In addition to the 3P reserves, unrisked recoverable prospective oil resources was also identifiable in the Capella structure by the auditor, Netherland Sewell and Associates.

Unrisked recoverable Prospective Oil Resources (Millions of barrels)					
Gross (100 Percent)		Company Gross		Company Net	
Best Estimate	High Estimate	Best Estimate	High Estimate	Best Estimate	High Estimate
62.46	231.89	6.25	23.19	5.87	21.80

Canacol is a Canadian based international oil and gas corporation with operations in Colombia, Brazil, Guyana, and Northern Ireland. 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 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.

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