



**Canacol Energy Ltd. Announces Increase to its Previously Announced Underwritten
Private Placement Equity Financing**

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CALGARY, ALBERTA -- (September 23, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce that it has increased its previously announced underwritten private placement offering. The offering is being completed by a syndicate of underwriters, led by Canaccord Capital Corporation ("Canaccord") and including FirstEnergy Capital Corp. (collectively the "Underwriters"), and the Underwriters have agreed to purchase, on an underwritten private placement basis, 107,143,000 common shares ("Common Shares") at a price of \$0.28 per Common Share to raise gross proceeds of \$30,000,040.

In addition, the Underwriters' over-allotment option (the "Over-Allotment Option") has been increased to allow the Underwriters to purchase up to an additional 35,715,000 Common Shares for additional gross proceeds of up to \$10,000,200 at a price of \$0.28 per Common Share prior to closing date of the offering, and the Over-Allotment Option is exercisable in whole or in part at the sole discretion of the Underwriters.

If the Over-Allotment Option is exercised in full, the total gross proceeds raised from the offering will be \$40,000,240. The offering is expected to close on or about October 15, 2009.

The net proceeds from the Offering will be used to fund the Corporation's exploration and development program in Colombia, Guyana and Brazil, reduce indebtedness and for general corporate purposes.

Completion of the private placement is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals including the approval of the TSX Venture Exchange.

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.

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.

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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.

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