



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

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CALGARY, ALBERTA -- (July 23, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce that it has completed the first closing of its \$1,500,000 private placement financing. Canacol issued a total of 2,219,048 units ("Units") at a price of \$0.17 per Unit for gross proceeds of \$377,238 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 \$0.30 until July 24, 2011. The securities issued pursuant to the private placement are subject to a four-month hold period. A finder's fee of 8% of the gross proceeds raised was paid to certain finders in connection with the private placement. A second closing is scheduled to occur at a later date.

The proceeds from this financing, along with the recently announced sale of the US\$1,000,000 receivable for US\$910,000, will be used to fund the Corporation's planned development drilling and workover activities in Colombia and exploration activities in Guyana.

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 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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