Canacol Energy Ltd. Announces Private Placement Equity Financing

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CALGARY, ALBERTA -- (June 22, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce it intends to complete a non-brokered private placement of up to $1,500,000 in units ("Units") at a price of $0.17 per Unit (the "Offering"). Each Unit will consist of one common share of the Corporation and one-half common share purchase warrant ("Warrant"), with each whole Warrant entitling the holder to acquire one common share of the Corporation at a price of $0.30 for a period of 18 months from the closing date of the Offering. The Corporation may pay commissions or finder's fees of 8% in accordance with the TSX Venture Exchange policies. Management of the Corporation may increase the size of the Offering to $2,250,000 in Units.

The Corporation intends to use the proceeds from the Offering to fund a portion of its operated development drilling and workover program at the Rancho Hermoso and Entrerrios oil fields in Colombia, fund the drilling of a horizontal well at its non-operated Capella heavy oil field, and fund part of the acquisition of Groundstar Resource Corporation's working interest in the Takutu exploration contract located onshore Guyana. A portion of the funds will also be used for working capital and general operating expenses.

The Corporation plans to drill three development wells and work over three existing oil producers in the Entrerrios and Rancho Hermoso fields and expects to add an initial 3,150 gross bopd (1,050 net bopd) of net royalty interest production and an initial 4,000 gross barrels a day of new tariff production. These planned activities will increase the Corporation share of production from the current 1,800 bopd to greater than 6,000 bopd exiting 2009. The Corporation plans to spud the first development well, Rancho Hermoso 3A, in mid July.

At Capella, the operator Emerald Energy Plc., plans to drill the Capella 7 well, the first horizontal well in the field, in late Q3 or early Q4, which will test the deliverability of the upper Mirador reservoir sand. The remaining capital for both the operated and non-operated programs will come from the US$ 9,000,000 advanced by Gemini Oil and Gas Advisors, as announced in April, 2009, and from the proceeds of the CAN$ 6,000,000 private placement closed in May 2009.

Completion of the Offering 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.

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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