



Canacol Energy Ltd. Announces Upsizing of Private Placement Equity Financing from \$5 Million to \$5.3 Million

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CALGARY, ALBERTA -- (May 7, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce that it is upsizing its previously announced private placement financing from \$5,000,000 to \$5,300,000 based on market demand. As announced on April 27, 2009, the Corporation entered into an agreement with Canaccord Capital Corporation ("Canaccord") to issue, on a private placement "best efforts" agency basis, up to \$5,000,000 in units ("Units") at a price of \$0.125 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 \$0.20 for a period of 24 months from the closing date of the Offering. In order to accommodate the resulting market demand for the private placement, the Corporation has decided to upsize the offering from the original \$5,000,000 to \$5,300,000. The Corporation also anticipates that the Offering is expected to close on or about May 14, 2009, instead of May 26, 2009 as previously announced.

Charle Gamba, President and CEO of Canacol, stated, "We are very pleased at the response to our offering, which has made it necessary to upsize the private placement financing from \$5 million to \$5.3 million. The additional capital will be used to fund contingent development activity in Colombia to increase production and revenues from our producing assets in 2009, as well as advance exploration projects in Guyana and Brazil for 2010 drilling and seismic acquisition."

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.

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