
Canacol Energy Ltd. Completes Acquisition of 90% Interest of the Takutu Basin, Guyana

CALGARY, ALBERTA -- (October 27, 2009) – Canacol Energy Ltd. ("Canacol" or the "Corporation") (TSX VENTURE: CNE) is pleased to announce that the share purchase agreement (the "Agreement") with a subsidiary of Groundstar Resources Limited ("Groundstar") and Groundstar for the purchase of all the shares of Groundstar Resources Inc. has been completed. The acquisition provides for an additional working interest in the Takutu Basin Petroleum Prospecting Licence ("PPL") in Guyana as was originally announced on May 15, 2009. Under the terms of the Agreement, Canacol acquired a 90% working interest in the PPL in exchange for a cash payment to Groundstar of US\$3.45 million. Groundstar's net interest is 10% which will be carried by the Corporation to first commercial production. Groundstar will remain operator of the PPL through to completion of the first exploratory well expected to be spud prior to May, 2010. Management of the Corporation believe that this acquisition is accretive to the shareholders of the Corporation and provides the Corporation with exposure to a greater interest in a material frontier oil appraisal project and exploration prospect within a basin which has been proven to contain a light oil hydrocarbon system.

The Corporation was previously committed to spend approximately US\$12,000,000 (paying 100% of the costs through this expenditure amount) on the PPL to earn a 55% interest through a farm-in agreement with Groundstar dated May 18, 2008. The farm-in agreement is terminated by the completion of this acquisition.

The Corporation is currently considering options with respect to farming out a portion of its current working interest in the PPL to industry partners.

Canacol is a Canadian based international oil and gas corporation with operations in Colombia, Brazil and Guyana. Canacol is publicly traded on the TSX Venture Exchange (TSX VENTURE:CNE). The Corporation's public filings may be found at www.sedar.com.

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.

FOR FURTHER INFORMATION PLEASE CONTACT:

Charle Gamba
Phone: 281-210-8456
Email: charlegamba@canacolenergy.com

www.canacolenergy.com

NEITHER TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.