

# CANOEL INTERNATIONAL ENERGY Ltd



## NEWS RELEASE

### **CANOEL ANNOUNCES PROPOSED PRIVATE PLACEMENT AND PROVIDES UPDATE ON ITS MONGOLIAN ACQUISITION**

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#### **FOR IMMEDIATE RELEASE (TSXV: CIL)**

**January 20, 2010 - Calgary, Alberta** – Canoel International Energy Ltd. (“**Canoel**” or the “**Company**”) (TSX VENTURE: CIL) is pleased to announce that it intends to complete a private placement of up to 23,529,412 units (“**Units**”) at \$0.17 per Unit for total gross proceeds of up to \$4,000,000. Each Unit will consist of one common share of the Corporation, one-half of one common share purchase warrant (“**Year 1 Warrant**”) and one-half of one common share purchase warrant (“**Year 2 Warrant**”). Each whole Year 1 Warrant will entitle the holder to purchase one additional common share of the Corporation at \$0.30 for a period of one year from the date of the first sale of Units under the Offering and each whole Year 2 Warrant will entitle the holder to purchase one additional common share of the Corporation at \$0.40 for a period of two years from the date of the first sale of Units under the Offering. If at any time following four months and one day from the date of the last closing under the Offering there are 15 consecutive trading days on the TSX Venture Exchange where the closing price (or the closing ask price, if there are no trades on any or all of such days) of the Common Shares on such Exchange exceeds \$0.40, in the case of Year 1 Warrants, and \$0.50 in the case of Year 2 Warrants, the Corporation may, within five business days of end of such 15 trading days

give notice to the holders of the applicable warrants that such warrants will terminate on the 30th day (including non-business days) following the date of such notice.

The private placement will be completed pursuant to prospectus exemptions and will be non-brokered, although the Company may pay finders fees, including cash commissions and compensation options, to those who assist the Company in sourcing subscriptions.

Canoel also wishes to provide an update on the status of its acquisition of all of the shares of a Mongolian corporation that is the holder of oil exploration Block XXIII (as designated by Petroleum Authority of Mongolia). The acquisition was previously announced May 27, 2009 and July 28, 2009. As part of its closing due diligence, Canoel has repeatedly requested that the counterparty provide evidence that certain Mongolian government and regulatory authorities have consented to or approved the transaction. In spite of these requests, the counterparty has not provided the consents and approvals. Canoel has therefore formally notified the counterparty that it is in default of its obligations under share purchase agreement and that Canoel intends to enforce the contract. Further updates of significant developments will be provided as they take place.

*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.*

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