

CANOEL INTERNATIONAL ENERGY Ltd



NEWS RELEASE

CANOEL ANNOUNCES DEVELOPMENTS IN ITS ACQUISITION IN ARGENTINA AND PROVIDES UPDATE ON ITS MONGOLIAN ACQUISITION

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FOR IMMEDIATE RELEASE (TSXV: CIL)

February 12, 2010 - Calgary, Alberta – Canoel International Energy Ltd. (“Canoel” or the “Company”) (TSX VENTURE: CIL) is pleased to announce that it has signed a Purchase and Sale agreement for the purchase of the companies that own two adjacent oil producing properties in Argentina.

The transaction was originally announced in September 15, 2009.

The properties are located in the region of Patagonia, in southern Argentina, in the basin of San Jorge and are currently producing approximately 55,000 barrels of oil per annum with no associated gas.

The oil is sweet, 18.5 API and non being paraffinic it easily flows through the existing infrastructure which is partially owned by the target companies and partially used by way of service agreement.

The company is performing legal and accounting due diligence with the view to completing the acquisition within the contractual closing date of the 30th of April 2010.

Closing of the transaction is subject to completion of satisfactory due diligence, financing and regulatory approval.

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 announced on January 20, 2010, 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 (“SPA”) and that Canoel intends to enforce the contract.

In response, the counterparty has advised, through its counsel, that considers Canoel in breach and it purports to terminate the agreement. Canoel disputes this and will pursue legal action to enforce its rights under the SPA agreement.

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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