



Canoel International Energy Ltd.

NEWS RELEASE

CANOEL ANNOUNCES ISSUANCE OF REPLACEMENT DEBENTURES AND ISSUANCE OF SHARES TO REDUCE DEBT

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FOR IMMEDIATE RELEASE (TSXV:CIL)

Calgary, Alberta / TNW-Accesswire / September 3, 2014 / Canoel International Energy Ltd. ("**Canoel**" or the "**Company**") (TSX VENTURE: CIL) is pleased to announce that it entered into agreements ("**Replacement and Conversion Agreements**") with all of the holders of the Company's outstanding 9% unsecured convertible (Swiss Francs) debentures dated January 11, 2012 ("**Notes**") to cancel the Notes and issue replacement Notes ("**Replacement Notes**") convertible into common shares in the capital of the Company.

Pursuant to the terms of the Replacement and Conversion Agreements, the holders of the Notes agreed to cancel their Notes in exchange for the issuance by Canoel of Replacement Notes. The Replacement Notes are convertible into common shares of Canoel at a deemed price of \$0.215 per share. The holders of the Replacement Notes have also agreed to convert approximately 42% of the Replacement Notes into common shares of Canoel, and subject to TSX Venture Exchange approval, Canoel intends to issue an aggregate of up to 2,600,000 common shares in the capital of the Company, which amount will reflect the converted portion of the Notes (the "**Conversion**").

Following the Conversion, the Company will have one Replacement Note outstanding in the aggregate principal amount of approximately CAD\$760,000. Issuance of these securities will enable Canoel to extinguish approximately CAD\$540,400 principal amount of its outstanding Notes.

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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