



Arsenal Energy Inc.

BACK TO GRASS ROOTS EXPLORATION



ARSENAL AND GEOCAN COMPLETE ARRANGEMENT

October 8, 2008- Arsenal Energy Inc. (TSX: AEI) ("Arsenal") and GEOCAN Energy Inc. (TSX: GCA) ("GEOCAN") are pleased to announce that the arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement") involving GEOCAN, the GEOCAN shareholders and Arsenal has been completed effective today.

Pursuant to the Arrangement, Arsenal has acquired all of the issued and outstanding class "A" common shares of GEOCAN (the "GEOCAN Shares"). Holders of GEOCAN Shares that elected to receive common shares of Arsenal ("Arsenal Shares") under the Arrangement will receive 545,997 Arsenal Shares for the aggregate GEOCAN Shares making such election. Holders of GEOCAN Shares that elected to receive cash under the Arrangement will, after adjustments resulting from the fact the aggregate cash payable under the Arrangement was capped at \$30.0 million, receive \$30.0 million in cash and 10,077,501 Arsenal Shares for such GEOCAN Shares.

As a result of the completion of the Arrangement, GEOCAN is now a wholly-owned subsidiary of Arsenal. Each of the former officers and directors of GEOCAN have resigned and been replaced by nominees of Arsenal. Arsenal anticipates that the GEOCAN Shares will be delisted from trading on the TSX within three to four business days.

Arsenal is pleased to announce that in connection with the completion of the Arrangement it has increased its credit facility with ATB Corporate Financial Services from \$17.25 million to \$55.0 million (the "Credit Facility"). The Credit Facility is a revolving, demand, operating facility with such increase drawn upon to close the Arrangement and to repay, in full, all the existing credit facilities of GEOCAN and thereafter will continue to be available for general operating purposes, capital expenditures and acquisitions of Arsenal.

Emerging Equities Inc. acted as exclusive financial advisor to Arsenal with respect to the Arrangement.

Tristone Capital Inc. acted as exclusive financial advisor to GEOCAN with respect to the Arrangement.

FOR FURTHER INFORMATION PLEASE CONTACT:

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