

ARSENAL ENERGY INC.

ARSENAL ANNOUNCES PRIVATE PLACEMENT OF FLOW-THROUGH SHARES

FOR IMMEDIATE RELEASE

Calgary, Alberta, August 24, 2009 – Arsenal Energy Inc. (TSX:AEI) ("Arsenal") is pleased to announce that it intends to complete a brokered private placement of common shares on a "flow-through share" basis, ("Flow- Through Shares") at a subscription price of \$0.40 per Flow-Through Share for total gross proceeds of up to (Cdn) \$3,000,000 (the "Offering"). The Offering will consist of a maximum of 7,500,000 Flow-Through Shares. The closing of the Offering is expected to occur on or about September 3, 2009 and is subject to the completion of formal documentation and receipt of board approval and regulatory approval, including the conditional approval of the Toronto Stock Exchange. Arsenal has engaged Emerging Equities Inc. to act as the agent for the Offering. In consideration for their services, Emerging Equities Inc. will receive a cash commission. For further details on the Offering please contact either Arsenal Energy or Emerging Equities Inc. at the contact information provided below.

The proceeds from the Flow-Through Shares will, where appropriate, be used to incur certain types of Canadian Exploration Expense ("CEE") and/or deemed CEE as defined in the *Income Tax Act* (Canada) and renounce, for the 2009 taxation year, such CEE in favour of original holders of the Flow-Through Shares in an amount equal to the subscription price for each Flow-Through Share.

Arsenal is a junior oil and gas company engaged in the exploration for, and development and production of natural gas and oil reserves primarily in Alberta, Saskatchewan and North Dakota. Arsenal's common shares trade on the Toronto Stock Exchange under the symbol "AEI".

It is anticipated that certain officers, directors and insiders of Arsenal will subscribe under the private placement. As a result of the insiders' participation, the private placement may be classified as a "related party transaction" as such term is defined in Multilateral Instrument 61-01 ("MI61-101"). Arsenal currently anticipates that it will be able to rely upon exemptions from the valuation and minority approval requirements contained in MI61-101.

For further information on Arsenal, please visit our website at www.arsenalenergy.com, e-mail info@arsenalenergy.com or contact:

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