

# ARSENAL ENERGY INC.

(TSX – AEI)

## ARSENAL ANNOUNCES CLOSING OF PRIVATE PLACEMENT OF FLOW-THROUGH SHARES

Calgary, Alberta, September 3, 2009 – Arsenal Energy Inc. (TSX:AEI) (FWB:A1E) (“**Arsenal**”) is pleased to announce that it has closed its previously announced brokered private placement (see Arsenal’s press release of August 24, 2009) and has issued 8,750,000 common shares on a “flow-through share” basis at a subscription price of \$0.40 per flow-through share (“**Flow-Through Share**”) for an aggregate gross proceeds of (Cdn) \$3,500,000.

Emerging Equities Inc. acted as sole agent in respect of the placement of Flow-Through Shares and was paid a cash commission in respect of the shares issued.

All of the Flow-Through Shares are subject to a hold period under applicable securities laws until January 4, 2010.

The proceeds from the Flow-Through Shares will, where appropriate, be used to incur certain types of Canadian Exploration Expense (“**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.

Under the private placement closing, a director and officers of Arsenal subscribed for an aggregate of 612,500 Flow-Through Shares.

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 and Saskatchewan and North Dakota, U.S.A. Arsenal’s common shares trade on the Toronto Stock Exchange under the symbol “AEI”.

This press release may contain forward-looking statements. The words or phrases “would be”, “will”, “intend”, “will likely result”, “are expected to”, “will continue”, “anticipate”, “estimate” or similar expressions are intended to identify “forward-looking statements”. Those statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated by Arsenal. Arsenal’s business is subject to various risks that are discussed in its filings on the System for Electronic Document Analysis and Retrieval (SEDAR).

For further information on Arsenal, please visit our website at [www.arsenalenergy.com](http://www.arsenalenergy.com), e-mail [info@arsenalenergy.com](mailto:info@arsenalenergy.com) or contact:

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