

Arsenal Energy Inc. Releases Operational Update

CALGARY, Dec 9, 2010- Arsenal Energy Inc. (TSX: AEI) (PNK: AEYIF.PK) At Stanley North Dakota, the EOG operated Burke 31-20 (31% WI) well targeting the Bakken has reached total depth. The well encountered good shows while drilling. It is anticipated that the well will be completed and placed on production over the next two months. Also at Stanley North Dakota, Arsenal as operator has spud the Brenlee one mile horizontal Bakken well. Arsenal has acquired an additional 27% in the well increasing its working interest to 73%. After the Brenlee well the drilling rig will move directly to the Amy Elizabeth (62% WI) two mile horizontal Bakken location.

At Evi, in Northern Alberta, Arsenal has a 10 well drilling program underway. Results of the first two wells were previously released. The third well, 5-1 (50% WI) has swab tested at 350 bbl/d from the Granite Wash. The fourth well, 4-29 (100% WI) has been cased and the fifth well, 16-19 (100% WI) is drilling.

Advisory

Certain statements and information contained in this press release, including but not limited to management's assessment of Arsenal's future plans and operations, production, reserves, revenue, commodity prices, operating and administrative expenditures, funds from operations, capital expenditure programs and debt levels contain forward-looking statements. All statements other than statements of historical fact may be forward looking statements. These statements, by their nature, are subject to numerous risks and uncertainties, some of which are beyond Arsenal's control including the effect of general economic conditions, industry conditions, changes in regulatory and taxation regimes, volatility of commodity prices, escalation of operating and capital costs, currency fluctuations, the availability of services, imprecision of reserve estimates, geological, technical, drilling and processing problems, environmental risks, weather, the lack of availability of qualified personnel or management, stock market volatility, the ability to access sufficient capital from internal and external sources and competition from other industry participants for, among other things, capital, services, acquisitions of reserves, undeveloped lands and skilled personnel that may cause actual results or events to differ materially from those anticipated in the forward looking statements. Such forward-looking statements, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made and should not unduly be relied on. These statements speak only as of the date of this press release. Arsenal does not intend and does not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Arsenal's business is subject to various risks that are discussed in its filings on the System for Electronic Document Analysis and Retrieval (SEDAR).

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