

Arsenal Energy Inc. Releases Operational Update

CALGARY, Oct 4, 2010 – Fracture stimulation and flow testing has been completed at the James Philip (35% WI) Bakken well in the Stanley field of North Dakota. Over 24 hours the well flowed at a rate of 940 bbls/d. The well is equipped and will be placed on production immediately.

Arsenal has received an operations notice for the Burke 31-20H (31% WI) Bakken well in the Stanley field of North Dakota.. The well is scheduled to spud on or around Oct 25. The spud date of the Arsenal operated Brenlee (41% WI) and Amy Elizabeth (57% WI) wells has been delayed with an expected date now in December.

On Oct 5th Arsenal plans to spud the first well in a 4 well program at Princess, Alberta targeting the Detrital/Pekisko. A 10 well program targeting the Granite Wash at Evi in Northern Alberta is scheduled to commence in mid October.

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 North Dakota, U.S.A. Arsenal's common shares trade on the Toronto Stock Exchange under the symbol "AEI".

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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