

Arsenal Energy Inc. Releases Operational Update

CALGARY, Sept 14, 2010 –Arsenal Energy Inc. (“Arsenal”) (TSX: AEI) has completed drilling of the Three Forks formation in the Jerol well (12.5% WI) at Lindahl, North Dakota. The well had excellent shows and has been cased with fracture stimulation scheduled for early November. The previously drilled Bakken formation James Philip well (35% WI) is scheduled for fracture stimulation in September. In addition, Arsenal has secured a drilling rig for its operated Brenlee (41% WI) and Amy Elizabeth (57% WI) wells with a scheduled spud date for the first well in early November. Test results for all wells will be released as they become available.

The North Dakota Industrial Commission has recently approved a downspacing application by EOG Resources increasing the allowable drilling density from 1 well to 3 wells per 640 acre spacing unit for parts of the Stanley Bakken pool. The pool includes both the Middle Bakken zone and the Three Forks zone. The lands approved include three sections in which Arsenal has an interest. Arsenal believes the approval sets a precedent that will be followed for the entire field. Arsenal believes that drilling two wells into the Bakken and one into the Three Forks for each spacing unit will result in the most economic recovery of the reserves. This approval extended over the entire field would result in Arsenal having an additional 41 gross (16 net) drilling locations at Stanley. Arsenal has additional Bakken lands at Lindahl and possibly at Black Slough that could also be approved for downspacing in the future.

Arsenal has begun the permitting process for a 4 well program at Princess targeting the Detrital/Pekisko and a 10 well program targeting the Granite Wash at Evi. The first well at Princess is scheduled to spud in late September and the first well at Evi is scheduled for early 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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