



## Arsenal Energy Inc.

### **Arsenal Energy Inc. Closes Strategic Acquisition In Its Core Oil-Producing Areas Of Alberta**

**CALGARY, Nov 15, 2011- Arsenal Energy Inc. (TSX: AEI) (PNK: AEYIF.PK)**

Arsenal Energy Inc. ("Arsenal") has closed the previously announced property acquisition in its core oil producing areas of Alberta for a total consideration of \$40.25 million. The acquired properties are currently producing approximately 1,500 boe/d (50% liquids) and include 1.8 million boe of proved and 2.5 million boe of proved plus probable reserves.

Arsenal funded the acquisition entirely with bank debt. As a result of the acquisition and of recent drilling activity, Arsenal's credit facility of \$60 million has been increased to \$75 million. Total debt after closing is estimated at \$50 million with current cash flow annualized estimated at \$42 million, representing a debt to annualized cash flow ratio of 1.2X. Arsenal has hedged 1,000 bbls/d of oil at a price of \$94.47 CDN/bbl for 2012 and 700 bbls/d of oil at a price of \$92.10 CDN/bbl for 2013.

Current production is estimated at 3,700 boe/d. Arsenal anticipates that it will exit 2011 at approximately 3,900 boe/d.

Desjardins Securities Inc. acted as Arsenal's exclusive financial advisor with respect to the acquisition.

To receive company news releases via e-mail, please advise [info@arsenalenergy.com](mailto:info@arsenalenergy.com) and specify "Arsenal Press Releases" in the subject line.

For more information please contact Tony van Winkoop, President and Chief Executive Officer or J. Paul Lawrence Vice President, Finance and CFO of the Corporation, 1900, 639 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 0M9, by telephone at (403) 262-4854, by fax at (403)-265-6877, by Internet at: [www.arsenalenergy.com](http://www.arsenalenergy.com) or by e-mail: [info@arsenalenergy.com](mailto:info@arsenalenergy.com).

**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).

In this press release where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. The term boe may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Estimates of future net revenue do not represent fair market values.