



Arsenal Energy Inc.

Arsenal Energy Inc. Releases Operational Update

CALGARY, December 01, 2011- Arsenal Energy Inc. (TSX: AEI) (PNK: AEYIF.PK)

At Stanley, North Dakota, the Arsenal operated Gjoa Lynn (59% WI) Bakken well has been completed and tested. The well flowed at 960 bbls/d of oil on a 28/64 choke with 775 lbs pressure over a 24 hour period and has been turned over to continuous production operations. Arsenal has begun lease construction on the Anthony Robert (80%WI) and Wade Morris (80WI %) two mile Bakken horizontal locations. Also at Stanley, Arsenal anticipates spudding the Anthony Robert by the end of January and the Wade Morris shortly thereafter.

At Edgerton, in Southeast Alberta, Arsenal has finished drilling the 12-20 Leduc horizontal well. The well encountered good shows while drilling. Completion operations should commence in the second week of December and results will be released when available.

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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.