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Arsenal Energy Inc.

ARSENAL ANNOUNCES CLOSING OF FINANCING

Calgary, Alberta, February 15, 2011 – Arsenal Energy Inc. (TSX:AEI) (“Arsenal”) is pleased to announce that it has closed its previously announced bought deal equity financing with Wellington West Capital Markets Inc., PI Financial Corp., Canaccord Genuity Corp., Casimir Capital Ltd. and Emerging Equities Inc. (collectively the “Underwriters”) pursuant to which the Underwriters placed on a “bought deal” basis 22,158,500 common shares (“Common Shares”) (including 2,368,500 Common Shares upon exercise of an over allotment option) at a subscription price of \$0.95 per share for aggregate gross proceeds of (Cdn) \$21,050,575.

The net proceeds from the sale of the Common Shares will be used to initially reduce debt, fund Arsenal’s ongoing capital program and for general corporate purposes.

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 Saskatchewan and North Dakota, U.S.A. Arsenal’s common shares trade on the Toronto Stock Exchange under the symbol “AEI”. Arsenal now has 162,970,972 Common Shares outstanding.

Certain statements and information contained in this press release, including but not limited to statements regarding the use of proceeds 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 filing on the System for Electronic Document Analysis and Retrieval (SEDAR).

For further information on Arsenal, please visit our website at www.arsenalenergy.com, e-mail info@arsenalenergy.com or contact:

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