

**ARGOSY ENERGY INC. AND RADIUS RESOURCES CORP.**

**PRESS RELEASE**

**PROPOSED BUSINESS COMBINATION**

**FOR IMMEDIATE RELEASE – DECEMBER 8, 2009**

ARGOSY ENERGY INC. (“Argosy”) (GSY.TSX) and Radius Resources Corp. (“Radius”) (RAX.TSXV) jointly announced today that they have entered into a letter agreement (the “Agreement”) to complete a business combination in conjunction with or as part of a restructuring process to be undertaken by Radius.

The proposed business combination is part of a proposal (“Proposal”) to be put forward by Radius pursuant to the provisions of the *Bankruptcy and Insolvency Act* (“BIA”). If the Proposal is approved, Argosy will acquire, all of the issued and outstanding shares of Radius, on a fully diluted basis resulting in the settlement of all claims (both secured and unsecured) for total consideration of 1.2 million common shares of Argosy (“**Argosy Shares**”), 600,000 common share purchase warrants of Argosy (“**Argosy Warrants**”) and \$2.5 million in cash, subject to adjustments. Each whole Argosy Warrant shall entitle the holder thereof to receive one Argosy Share at an exercise price of \$2.25 per share for a period of 18 months. The exercise period of the Argosy Warrants may be accelerated in the event that the 20 day trading volume weighted average price of the Argosy Shares meets or exceeds \$3.00 during the period such warrants remaining remain outstanding.

The Radius acquisition will add approximately 194,000 barrels of oil equivalent of proven reserves, 396,000 proven plus probable reserves, over 19,000 acres of undeveloped land and 80 barrels of oil equivalent per day to Argosy’s production plus tax pools of not less than \$19,800,000. Radius’ properties are primarily concentrated in the Ante Creek area of Alberta. The consideration will be reduced by \$0.10 for each dollar that the Radius tax pools are less than \$19,800,000.

The Agreement and the Proposal are subject to the satisfaction of certain conditions and receipt of all approvals, including approval of the Court and the Toronto Stock Exchange. If the Proposal is rejected, Radius will be declared bankrupt.

With the proposed business combination with Argosy and Proposal, Radius will not pursue its previously announced proposed \$11,000,000 debenture financing.

In addition Radius has entered into a farm-in agreement with Argosy pursuant to which it is entitled to earn a 50% working interest in the spacing unit selected by Argosy by paying 100% of the costs to drill a well on such lands. In the event that the Proposal is not approved and Argosy does not acquire Radius, then the interests earned by Radius under the farm-in agreement converts to a overriding royalty equal to 3% of the earned interest.

GMP Securities LP is acting as financial advisor to Argosy in connection with this acquisition.

This press release may contain forward looking statements which may include plans, expectations, forecasts, projections, guidance or other statements that are not statements of fact, including without limiting the generality of the foregoing, meeting the terms, conditions and approval requirements under the proposed restructuring process, statements concerning the restructuring process and the satisfaction of certain terms and conditions relating to the same, including without limitation applicable regulatory and

shareholder approvals. Although Radius and Argosy believe that the expectations reflected in such forward looking statements are reasonable, they cannot give any assurance that such expectations will prove to be correct. Completion of the business combination and restructuring process as proposed under the letter agreement are subject to a number of conditions which neither Radius nor Argosy can give any assurance that such conditions will be met on a timely basis, or if at all, as certain as the conditions are in the control of other parties. As such, the future plans and objectives of Radius and Argosy are forward looking statements that involve risks and uncertainties that may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in such statements. The foregoing list of risk factors is not exhaustive. Additional information on risk factors is included in Radius' and Argosy's Annual Information Form and other public documents available under Radius' and Argosy's profile on SEDAR. Although Radius and Argosy have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in the forward looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. In making its forward looking statements, Radius and Argosy used, among others, the following material factors or assumptions to develop a forward looking information enumerated above: the parties under the letter agreement will continue to negotiate in good faith; definitive agreements reflecting the terms of the letter agreement will continue to negotiate in good faith; definitive agreements reflecting the terms of the letter agreement will be mutually agreed upon in a timely manner; and the economic and market conditions in the oil and gas industry shall remain sufficiently stable for the parties to continue with the proposed transaction. Radius' and Argosy's forward looking statements are expressly qualified in their entirety by this cautionary statement. Unless otherwise required by applicable securities laws, neither Radius nor Argosy intend nor does it undertake any obligation to update or review any forward looking statements to reflect subsequent information, events, results or circumstances or otherwise.

In this news release the calculation of barrels of oil equivalent (“**boe**”) is calculated at a conversion rate of six thousand cubic feet (“**Mcf**”) of natural gas for one barrel (“**Bbl**”) of oil based on an energy equivalency conversion method. Boes may be misleading particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1Bbl is based on an energy equivalency conversion method primarily applicable to the burner tip and does not represent a value equivalency at the wellhead.

Argosy is a junior oil and gas company focused on the exploration for and development of oil and natural gas in western Canada.

Radius is a junior oil and gas company engaged in the exploration for, and development and production of, crude oil and natural gas focusing in the Peace River Arch region of central Alberta. Radius's shares trade on the TSX Venture Exchange under the symbol “RAX”.

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