

ARGOSY ENERGY INC.

PRESS RELEASE

ARGOSY ENERGY INC. ANNOUNCES \$7,000,000 PRIVATE PLACEMENT

FOR IMMEDIATE RELEASE – DECEMBER 10, 2009

ARGOSY ENERGY INC. (“Argosy” or the “Corporation”) (GSY.TSX), a junior energy company focused on the acquisition, exploration, exploitation and development of oil and natural gas in Western Canada is pleased to announce that it has agreed to the terms for a non-brokered private placement financing (the “Financing”) of common shares (“Argosy Shares”) and common share purchase warrants (“Argosy Warrants”). The Financing is subject to Toronto Stock Exchange (“TSX”) approval.

The Financing is comprised of:

- (i) 1,944,367 units of the Corporation (“Units”) at a price \$1.80 per Unit, each Unit consisting of one Argosy Share and 0.5 of an Argosy Warrant; and
- (ii) 1,750,000 units (“FT Units”) at a price of \$2.00 per Unit, each FT Unit consisting of one Argosy Share issued on a flow-through basis and 0.5 of an Argosy Warrant.

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. In addition, the Argosy Warrants will be subject to a warrant indenture which will provide for anti-dilution provisions.

The gross proceeds from the Financing will be escrowed with counsel for Argosy to be released to Argosy upon receipt of TSX approval except for the amount of \$2.7 million which is being used to close the previously announced transaction (the “Transaction”) with Radius Resources Corp. (“Radius”) pursuant to which 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 Argosy Shares, 600,000 Argosy Warrants and \$2.5 million in cash, subject to adjustments. This amount will be released upon the earlier of the closing of the Transaction or February 28, 2010 unless Argosy is in material breach of its obligations to Radius and the Transaction does not close in which event the \$2.7 million will be returned to the subscribers therefor. Please refer to the joint press release of Radius and the Argosy on December 9, 2009; to view this information, readers are directed to the Argosy’s SEDAR profile at www.sedar.com.

The TSX requires shareholder approval where: (i) under a private placement the number of listed securities (common shares) issuable is greater than 25% of the number of listed securities outstanding on a non-diluted basis if the price per security is less than the market price; (ii) on an acquisition where the number of securities issuable in payment of the purchase price exceeds 25% of the number of securities of the issuer outstanding on a non-diluted basis; and (iii) where the transaction materially affects control of the issuer.

The securities issued pursuant to the Financing and the Transaction will cause the Corporation to exceed the 25% threshold (at the date hereof, there were 10,658,834 common shares of the Corporation outstanding). Pursuant to the Financing, up to 3,694,367 Argosy Shares (34.7% of the current issued and outstanding Argosy Shares) and up to 1,847,183 Argosy Warrants (17.3% of the current issued and outstanding Argosy Shares), may be issued. In addition, the securities issued pursuant to the Financing and the Transaction may result in the creation of a new control person, as described below.

The TSX normally requires shareholder approval to be obtained from a majority of holders of voting securities at a duly called meeting of shareholders. However, the Corporation is seeking exemption from the requirement to hold a meeting of the shareholders pursuant to section 604(d) of the TSX Company Manual by providing TSX with written evidence that holders of more than 50% of the voting securities of the Corporation are familiar with the terms of the Financing and the Transaction and are in favour of it.

Assuming exercise of all of the Argosy Warrants issued in connection with the Financing, a total of 5,541,550 Argosy Shares may be issued pursuant to the Financing, which represents 52.0% of the current issued and outstanding Argosy Shares (or 34.2% of the issued and outstanding Argosy Shares on a fully-diluted basis prior to the issuance of securities pursuant to the Transaction and 30.8% of the issued and outstanding Argosy Shares on a fully-diluted basis assuming issuance of the Argosy Shares and exercise of the Argosy Warrants issuable pursuant to the Transaction).

Up to 4,894,367 Argosy Shares (45.9% of the current issued and outstanding Argosy Shares) and up to 2,447,183 Argosy Warrants (23.0% of the current issued and outstanding Argosy Shares) may be issued pursuant to both the Transaction and the Financing.

Assuming exercise of all of the Argosy Warrants issued in connection with the Transaction and the Financing, a total of 7,341,550 Argosy Shares may be issued which represents 68.9% of the current issued and outstanding Argosy Shares (or 40.8% of the issued and outstanding Argosy Shares on a fully-diluted basis).

No current insider of the Corporation will be participating in the Financing. However, under the policies of the TSX, the Financing may result in the creation of insiders and a new “control person” (as such term is defined in the TSX Company Manual) of the Corporation, as described below.

UTA Asset Management Corp. (“UTA”) manages certain funds that will be subscribing for 1,111,000 Units and 1,000,000 FT Units. Including the Argosy Shares it currently controls, upon closing of the Financing, UTA will hold 2,331,000 Argosy Shares (representing 16.2% of the issued and outstanding Argosy Shares) and 1,055,500 Argosy Warrants. Upon closing of the Financing and assuming exercise of only the Argosy Warrants held by UTA, UTA will hold 3,386,500 Argosy Shares, representing 22.0% of the issued and outstanding Argosy Shares. Upon closing of the Financing and the Transaction, UTA will hold 20.4% of the issued and outstanding Argosy Shares assuming exercise of only the Argosy Warrants held by UTA and 18.8% of the issued and outstanding Argosy Shares on a fully diluted basis. UTA will become an insider of the Corporation as a result of the Financing, and may become a control person upon exercise of the Argosy Warrants issued to UTA under the Financing.

Qwest Investment Fund Management Ltd. (“Qwest”) manages funds that will be subscribing for 416,700 Units and 500,000 FT Units. Including the Argosy Shares it currently controls, upon closing of the Financing, Qwest will hold 1,251,700 Argosy Shares (representing 8.7% of the Argosy Shares of the issued and outstanding) and 458,350 Argosy Warrants. Upon closing of the Financing and assuming exercise of only the Argosy Warrants held by Qwest, Qwest will hold 1,710,050 Argosy Shares, representing 11.5% of the issued and outstanding Argosy Shares. Upon closing of the Financing and the Transaction, Qwest will hold 10.7% of the issued and outstanding Argosy Shares, assuming exercise of only the Argosy Warrants held by Qwest, and 9.5% of the issued and outstanding Argosy Shares, on a fully diluted basis. Qwest may become an insider of the Corporation as a result of the Financing upon exercise of the Argosy Warrants issued to Qwest under the Financing.

GMP Securities LP is acting as financial advisor to Argosy in connection with the Transaction and the Financing.

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Cautionary Statements

This media release contains certain statements which constitutes forward-looking statements or information, including the use of the Financing proceeds. Although the Corporation believes that the expectations reflected in our forward-looking statements are reasonable, our forward-looking statements have been based on factors and assumptions concerning future events which may prove to be inaccurate. Those factors and assumptions are based upon currently available information. Such statements are subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking information. As such, readers are cautioned not to place undue reliance on the forward-looking information, as no assurance can be provided as to the future results, levels of activity or achievements. Risks include, but are not limited to: uncertainties and other actors that are beyond the control of the Corporation, risks associated with the oil and gas industry, commodity prices and exchange rate changes, operational risks associated with exploration, development and production operations, delays or changes in plans, risks associated with the uncertainty of reserve obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Corporation. Additional information identifying risks and uncertainties is contained in filings of the Corporation with Canadian securities regulators, which filings are available under the Corporation's profile at www.sedar.com.