

Arkanova Energy Corporation Acquires 100% Working Interest in Two Medicine Cut Bank Sand Unit in Montana

Houston, TX—October 3, 2008 – Arkanova Energy Corporation (OTC BB: AKVA), a U.S. oil and natural gas exploration and development company, announced the acquisition of all issued and outstanding capital stock for a 100% working interest in the Two Medicine Cut Bank Sand Unit (the “Unit”), located in Pondera and Glacier Counties, Montana for a purchase price of \$6,000,000.

Since the establishment of the Unit in 1959, there have been 82 wells drilled on the Unit and there are currently 14 wells capable of producing oil from the Unit. Those wells produced 1,667 barrels of oil in July 2008. In addition to the Unit, Arkanova holds working interests in the Fayetteville Shale play located in Arkansas and the Paradox Basin located in Colorado.

About Arkanova Energy Corporation

Arkanova Energy Corporation is a U.S. based oil and gas exploration and development company. Arkanova’s primary assets consist of various oil and natural gas leases and related interests in oil and natural gas properties including working interests in Arkansas, Colorado and Montana. For more information, please visit www.arkanovaenergy.com.

Forward-Looking Statements

Except for statements of historical fact, the information presented herein constitutes forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include general economic and business conditions, the ability to acquire and develop specific projects, the ability to fund operations and other factors over which Arkanova Energy Corporation has little or no control.

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