



Arsenal Energy Inc.

News Release

Arsenal updates Egyptian drilling program

CALGARY, April 2, 2007 – Arsenal Energy Inc. (“Arsenal”) (TSX:AEI) (FWB:A1E) is pleased to report that on March 24th, the operator, TransGlobe Energy Corporation, commenced drilling NARMER-1, a second exploration well located approximately 17 miles east of the SET-1 exploration well in the Nuqra concession in Egypt.

NARMER-1, is targeting an unrisksed gross 10 million barrel Jurassic prospect at approximately 7,800 feet. It is expected to take approximately 40 days to drill NARMER-1 to its target depth and to evaluate the test results.

Arsenal and its partners have a third contingent location, WEST NARMER-1 that is in the process of being approved by the Egyptian government. The well, scheduled for the third quarter of 2007, would test another independent structure approximately 4 miles from the NARMER-1 location.

Nuqra is a land-based concession located in the Upper Nile region in Egypt with rift basins that are analogous to highly prolific structures located to the east in Yemen, to the south in Sudan and to the north-west in Libya which have yielded significant reserve and production volumes. The Company holds a 30 percent APO working interest (40 percent BPO) in the 5.625 million acre Nuqra concession.

About Arsenal Energy Inc. – Arsenal is an aggressive junior oil and gas company engaged in the exploration for, and development and production of natural gas and oil reserves primarily in the provinces of Alberta and Saskatchewan, North Dakota, U.S.A. and Egypt. Arsenal’s common shares trade on the Toronto Stock Exchange under the symbol “AEI” and on the Frankfurt Stock Exchange under the symbol “A1E”.

Certain statements in this material may be "forward-looking statements" including outlook on oil and gas prices, estimates of future production, estimated completion dates of acquisitions and construction and development projects, business plans for drilling and exploration, estimated amount and timing of capital expenditures and anticipated future debt levels and royalty rates. Information concerning reserves contained in this material may also be deemed forward-looking statements as such estimates involve the implied assessment that the resources described can be profitably produced in the future. These statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated by Arsenal.

The term barrels of oil equivalent (“boe”) may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6mcf/bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.

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