



Arsenal Energy Inc.

News Release

Arsenal Increases Land Position in Northern Alberta

CALGARY, February 20, 2007 – Arsenal Energy Inc. (“Arsenal”) (TSX:AEI) (FWB:A1E) today announced that it has entered into a Farmin Agreement (the “Agreement”) to expand its land position in the Evi area of Alberta. Under the terms of the Agreement, Arsenal will drill a test well and can earn a 100 percent interest in up to six contiguous sections (3,840 acres) of prospective lands (the “Farmin Properties”). The first well will earn 1,280 acres and each well thereafter will earn an additional 1,280 acres. Production from the wells is subject to a 5 - 7.5 % non-convertible gross overriding royalty. In addition, Arsenal has a two year Seismic Option and subsequent Drilling Option on another two sections (1,280 acres) of prospective lands immediately offsetting the Farmin Properties and the first Farmin well. The cumulative acreage from the Agreement and the Seismic/Drilling Option totals 5,120 acres. Arsenal will have access to 3-D seismic data over 75% of the acreage, including all lands under the Agreement.

Arsenal currently has a 30% working interest in approximately three sections in the Evi area, which is located near the Peace River Arch in Northern Alberta. To date, the Company has participated in the drilling of five wells in the area. Three of the five wells are producing at rates ranging from 80 bpd to 300 bpd of 39 degree API, sweet crude oil from the Granite Wash and Gilwood formations. The Farmin Properties are located approximately 3 miles from Arsenal’s existing acreage and will target the same geological trend.

The two agreements support Arsenal’s domestic growth strategy by adding to its undeveloped land position and increasing its average working interest in the Evi area. Arsenal will act as operator on the Farmin Properties. The first well is expected to spud by March 1, 2007 and has multi-zone potential.

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.

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