



Arsenal Energy Inc.

News Release

Arsenal Initiates Egyptian Drilling Program

CALGARY, February 22, 2007 – Arsenal Energy Inc. (“Arsenal”) (TSX:AEI) (FWB:A1E) is pleased to announce that drilling operations on the 5.625 million acre Nuqra concession in Egypt are underway. The first well, the SET-1, has now spud and has a target depth of approximately 3,800 feet. The well will test a stratigraphic trap in the Jurassic zone identified through extensive seismic evaluation.

Arsenal anticipates drilling a minimum of two test wells in the Nuqra Basin. The second well, NARMER-1, which has a target depth of 7800 feet, is located approximately 17 miles from the SET-1 and will test a separate structure with Berriasian and Kimmeridgian sands. The operator estimates that the two initial target structures could contain up to 40 million barrels of oil equivalent in recoverable reserves. Both well sites have road access and are located on flat dry land. Drilling of the two wells is expected to take approximately 90 days. Arsenal and its’ partners have a third contingent location which 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.

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. Not for distribution to the United States newswire services or for dissemination in the United States.

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