

**ARSENAL ENERGY INC.**  
**(TSX – AEI)**

**News Release**

**Arsenal Releases Results of Two New Bakken Wells and New Banking Facility**

**CALGARY, June 10 2009-** Arsenal Energy Inc. (“Arsenal”) (TSX: AEI) has participated in the drilling of two new wells targeting the Bakken in North Dakota. Moen 23-14H is Arsenal’s second Bakken well in the Stanley field. It is a direct offset to the George Robert 24-13H well drilled in October 2008. The Moen well was completed without stimulation and tested at 590 bbls/d of oil. The well has been on production for three weeks and has stabilized at 270 bbls/d of 41 API sweet crude oil with no water. The operator has advised that it plans to re-enter the well and conduct a multistage fracture stimulation at a later date. Arsenal has a 20% working interest in the Moen well and has approximately 1,240 net acres of offsetting undeveloped land.

The second Bakken well is in the Lindahl field approximately 20 miles west of Stanley. The Lyla 24X-10 well was completed with a multistage fracture stimulation and placed on production. It has stabilized at 150bbls/d of 41 API sweet crude oil with a 60% water cut. Arsenal has a 15% working interest in Lyla and has approximately 600 net acres of offsetting undeveloped land.

Arsenal has agreed to a term sheet for a new credit facility with its lender. The facility includes a \$31 million revolving demand loan and a \$9 million reducing one year term loan. Arsenal’s current draw on its existing facility is \$35 million. Arsenal anticipates executing a commitment letter with its lender within the next week. Since closing the acquisition of Geocan Energy in October 2008, Arsenal has reduced net debt by \$19 million through noncore property sales of \$4 million and the allocation of \$15 million of cash flow. Current production of approximately 2,050 boe/d (75% oil/liquids) is generating approximately \$1.2 million of monthly free cash flow at current prices.

**Advisory**

Certain statements and information contained in this press release, including but not limited to management’s assessment of Arsenal’s future plans and operations, production, reserves, revenue, commodity prices, operating and administrative expenditures, funds from operations, capital expenditure programs and debt levels contain forward-looking statements. All statements other than statements of historical fact may be forward looking statements. These statements, by their nature, are subject to numerous risks and uncertainties, some of which are beyond Arsenal’s control including the effect of general economic conditions, industry conditions, changes in regulatory and taxation regimes, volatility of commodity prices, escalation of operating and capital costs, currency fluctuations, the availability of services, imprecision of reserve estimates, geological, technical, drilling an processing

problems, environmental risks, weather, the lack of availability of qualified personnel or management, stock market volatility, the ability to access sufficient capital from internal and external sources and competition from other industry participants for, among other things, capital, services, acquisitions of reserves, undeveloped lands and skilled personnel that may cause actual results or events to differ materially from those anticipated in the forward looking statements. Such forward-looking statements, although considered reasonable by management at the time of preparation, may prove to be incorrect and actual results may differ materially from those anticipated in the statements made and should not unduly be relied on. These statements speak only as of the date of this press release. Arsenal does not intend and does not assume any obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Arsenal's business is subject to various risks that are discussed in its filings on the System for Electronic Document Analysis and Retrieval (SEDAR).

For further information on Arsenal Energy, please visit our website at [www.arsenalenergy.com](http://www.arsenalenergy.com), e-mail: [info@arsenalenergy.com](mailto:info@arsenalenergy.com) or contact:

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