

ARSENAL ENERGY INC.
(TSX – AEI)

**Arsenal Announces New Credit Facility and Updates
North Dakota Drilling Program**

CALGARY-April 19, 2010- Arsenal Energy Inc. (“Arsenal”) (TSX: AEI) has agreed to a term sheet for a new credit facility with its lender. The facility, based on the December 31, 2009 independent engineering report has been increased to \$40.0 million from \$31 million in 2009. Arsenal anticipates executing a commitment letter with its lender within the next week. Currently Arsenal is drawn on its existing facility with the lender, at approximately \$19.0 million.

Arsenal Energy Inc. has completed the drilling of two new horizontal wells targeting the Bakken formation in Stanley, North Dakota and one horizontal well targeting the Three Forks formation in Lindahl, North Dakota.

The James Phillips 24-13H (Arsenal 35% WI) and Burke 26-18H (Arsenal 14% WI) have completed drilling. The wells offset the George Robert 24-13H well (Arsenal 35%) drilled in the fall of 2008 that had initial production at 1205 barrels per day and is still producing at approximately 210 barrels of oil per day. Completion operations on the wells, consisting of a multistage fracture stimulation program, are expected to commence as soon as possible with initial production expected in June 2010. Arsenal expects to spud its first two Company operated horizontal Bakken wells at Stanley later in Q2. Arsenal has additional Bakken horizontal locations at Stanley slated for development in 2010 and 2011.

Drilling is complete on the Company’s first Lindahl Three Forks well. The Strid 1-26H two mile lateral horizontal well (Arsenal 34%) is immediately south of two Three Forks wells that had initial production at greater than 1200 barrels of oil per day. Completion of the well is expected before the end of June 2010. The Company expects further development of the Three Forks formation will be the focus of future activity at Lindahl, with at least four additional horizontal well locations targeted.

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 and 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, e-mail: info@arsenalenergy.com or contact:

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