

PRESS RELEASE

**ARSENAL ENERGY INC.
(TSX – AEI)(FRANKFURT – A1E)**

ARSENAL ANNOUNCES CHANGES TO BOARD OF DIRECTORS

FOR IMMEDIATE RELEASE

Calgary, Alberta, July 16, 2007 – Arsenal Energy Inc. (TSX - AEI, Frankfurt A1E) announces that the following directors were re-elected at the Annual and Special Meeting of Shareholders held on July 13, 2007 in Calgary: Michael S. Vandale, Curtis R. Stewart, R. Neil Mackay, and William Hews.

Arsenal Energy Inc. is pleased to announce Kerry Lyons, P. Eng, currently President of Greenfield Resources Ltd., a private oil and gas exploration company, has agreed to become a director. Mr. Lyons has in excess of 25 years experience in the oil and gas business, notably as COO of Cimarron Petroleum Ltd. (TSE) from 1996 to 1997, President, CEO and director of Richland Petroleum Corporation (TSE) from 1999 to 2001, President, CEO and director of Terraquest Energy Corporation (TRQ-TSX) from 2002 to 2004, and director of it's successor Masters Energy Inc. (TSX-MSY) from 2004 to the present. Arsenal Energy Inc. welcomes Mr. Lyon's experience and knowledge.

Arsenal Energy Inc. wishes to thank Gregory Belzberg, Errol Stewart and Alain Gaucher for their past involvement as directors of Arsenal Energy Inc. Despite not continuing forward as directors, each individual has made timely contributions in the past during the formative stages and growth of Arsenal.

Arsenal is an aggressive junior oil and gas company engaged in the exploration, development, and production of oil and natural gas in western Canada, 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 Exchange under the symbol "A1E".

Certain statements in this material may be "forward looking statements" including outlook on oil and natural gas prices, estimates of future production, estimated completion dates of acquisitions and construction and development projects, business plans for drilling and exploration, estimated time and amount 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 statements involve the implied assessment the resources 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 the actual results to differ from those anticipated from Arsenal.

For further information on Arsenal, please visit our website at www.arsenalenergy.com, e-mail info@arsenalenergy.com or contact:

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