

ARSENAL ENERGY INC.

ARSENAL ANNOUNCES PRIVATE PLACEMENT OF FLOW-THROUGH SHARES FOR IMMEDIATE RELEASE

Calgary, Alberta, November 20, 2007 – Arsenal Energy Inc. (TSX:AEI) (FWB:A1E) ("Arsenal") is pleased to announce that it intends to complete a brokered private placement of up to 9,302,326 million common shares issued on a "flow-through share" basis, ("Flow-Through Share") at a subscription price of \$0.43 per Flow-Through Share, for total gross proceeds of up to (Cdn) \$4,000,000 (the "Offering"). The closing of the Offering is expected to occur on or about November 30, 2007 and is subject to the completion of formal documentation and receipt of regulatory approval, including the conditional approval of the TSX Exchange. Arsenal has engaged Emerging Equities Inc. to act as the agent for the Offering. For further details on the Offering please contact either Arsenal or Emerging Equities Inc. at the contact information provided below.

The proceeds from the Flow-Through Shares will, where appropriate, be used to incur certain types of Canadian Exploration Expense ("CEE") and/or deemed CEE as defined in the *Income Tax Act* (Canada) and renounce, for the 2007 taxation year, such CEE in favour of original holders of the Flow Through Shares in an amount equal to the subscription price for each Flow Through Share.

It is anticipated that certain officers, directors and insiders of Arsenal will subscribe under the private placements. As a result of the insiders' participation, the private placement may be classified as a "related party transaction" as such term is defined in Ontario Securities Commission Rule 61-501 ("Rule 61-501"). Arsenal currently anticipates that it will be able to rely upon valuation exemptions contained in Rule 61-501 or an equivalent exemption under applicable securities law.

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 TSX Exchange under the symbol "AEI" and on the Frankfurt Stock Exchange under the symbol "A1E".

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

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