

PRESS RELEASE

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

**ARSENAL ANNOUNCES PRIVATE PLACEMENT OF FLOW-THROUGH
SHARES AND COMMON SHARES**

FOR IMMEDIATE RELEASE

Calgary, Alberta, March 4, 2008 – Arsenal Energy Inc. (TSX:AEI) (FWB:A1E) ("Arsenal") is pleased to announce that it intends to complete a brokered private placement of common shares ("Common Shares") at a subscription price of \$0.63 per Common Share and Common Shares issued on a "flow-through share" basis, ("Flow-Through Share") at a subscription price of \$0.72 per Flow-Through Share for total gross proceeds of up to (Cdn) \$6,000,000 (the "Offering"). The Offering will consist of a maximum of \$4,000,000 of Flow-Through Shares. The closing of the Offering is expected to occur on or about March 20, 2008 and is subject to the completion of formal documentation and receipt of board approval and regulatory approval, including the conditional approval of the TSX Exchange. Arsenal has engaged Emerging Equities Inc. to act as the underwriter/agent for the Offering and Emerging Equities Inc. has agreed that \$2,000,000 of the Offering will be on a bought deal basis. For further details on the Offering please contact either Arsenal Energy 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 2008 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.

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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