

Press Release

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

Arsenal Energy Inc. Announces Exploration Success

CALGARY, March 10, 2008 – Arsenal Energy Inc. (“Arsenal”) (TSX: AEI) (Frankfurt: A1E) is pleased to release the results of its Q4 2007 drilling program. The company drilled two successful wells at Maidstone and one each at Galahad and Consort.

The Maidstone drilling resulted in a 100% WI Colony well that tested gas at approximately 350mcf/d. Tie in operations to a third party facility are underway and should be complete by March 15. A second 100% WI well was completed as a heavy oil well and is producing approximately 20bbls/d.

The Galahad 100% WI well encountered a targeted new pool Ellerslie oil zone as well as an up hole Glauconite gas zone. The gas zone has been completed and tie in operations are underway. Arsenal anticipates production of 1mmcf/d by the end of March.

At Consort the company drilled a 100% WI Ellerslie medium gravity oil discovery. The well has been on production for two months at 135bbls/d of oil. Arsenal was successful at the March 5, 2008 Alberta sale securing lands offsetting the discovery. Arsenal has proprietary 3D seismic over the discovery and has identified five additional development locations. The development wells and the associated infrastructure are increases to Arsenal’s 2008 capital program which Arsenal intends to fund from its recently announced private placement.

Arsenal is currently in the middle of a nine well Q1 drilling program. Indications to date are encouraging and the company anticipates releasing results by early May.

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).

In this press release per barrel of oil equivalent ("boe") amounts may be misleading, particularly if used in isolation. A boe conversion ratio has been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf: 1 bbl) and is based on an energy equivalency conversion method applicable at the burner tip and does not represent a value equivalency at the wellhead.

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