

News Release

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

ARSENAL ANNOUNCES CLOSING OF FIRST TRANCHE OF PRIVATE PLACEMENT OF COMMON SHARES INCLUDING FLOW-THROUGH SHARES

Calgary, Alberta, March 28, 2008 – Arsenal Energy Inc. (TSX:AEI) (FWB:A1E) (“**Arsenal**”) is pleased to announce that it has closed the first portion of its previously announced brokered private placement (see Arsenal’s press release of March 4, 2008) and has issued 959,800 common shares at a subscription price of \$0.63 per common share (“**Common Shares**”) and 4,498,700 common shares on a “flow-through share” basis at a subscription price of \$0.72 per flow-through share (“**Flow-Through Shares**”). The private placement resulted in aggregate gross proceeds of (Cdn) \$3,843,738.00.

Emerging Equities Inc. acted as sole underwriter in respect of the placement of Flow-Through Shares and Common Shares in British Columbia, Alberta and Ontario and was paid a cash commission in respect of the shares issued in such jurisdictions.

All of the Flow-Through Shares and Common Shares issued on March 28, 2008 are subject to a hold period under applicable securities laws until July 29, 2008.

The proceeds from the Flow-Through Shares will, where appropriate, be used to incur certain types of Canadian Exploration Expense (“**CEE**”) 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 Toronto Stock Exchange under the symbol “AEI” and on the Frankfurt Stock Exchange under the symbol “A1E”.

This press release may contain forward-looking statements. The words or phrases “would be”, “will”, “intend”, “will likely result”, “are expected to”, “will continue”, “anticipate”, “estimate” or similar expressions are intended to identify “forward-looking statements”. Those statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated by Arsenal. Arsenal’s business is subject to various risks that are discussed in its filings on the System for Electronic Document Analysis and Retrieval (SEDAR).

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