

# News Release

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

### **ARSENAL ANNOUNCES CLOSING OF THE REMAINING PORTION OF A PRIVATE PLACEMENT OF COMMON SHARES INCLUDING FLOW-THROUGH SHARES**

Calgary, Alberta, April 16, 2008 – Arsenal Energy Inc. (TSX:AEI) (FWB:A1E) (“**Arsenal**”) is pleased to announce that it has closed the second portion of its previously announced brokered private placement (see Arsenal’s press releases of March 4, 2008 and March 28, 2008) and has issued 289,500 common shares at a subscription price of \$0.63 per common share (“**Common Shares**”) and 1,056,855 common shares on a “flow-through share” basis at a subscription price of \$0.72 per flow-through share (“**Flow-Through Shares**”). 19,000 of those Flow-Through Shares were issued on a non-brokered basis. As a result of the two closings, Arsenal has issued an aggregate of 1,249,300 Common Shares and 5,555,555 Flow-Through Shares for an aggregate gross proceeds of (Cdn) \$4,787,058.60.

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 April 16, 2008 are subject to a hold period under applicable securities laws until August 17, 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.

Under the two private placement closings, officers of Arsenal subscribed for an aggregate of 250,000 Common Shares and 34,000 Flow-Through Shares.

Arsenal is a junior oil and gas company engaged in the exploration for, and development and production of natural gas and oil reserves primarily in Alberta, Saskatchewan, and North Dakota. 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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For further information on Arsenal, please visit our website at [www.arsenalenergy.com](http://www.arsenalenergy.com), or e-mail: [info@arsenalenergy.com](mailto:info@arsenalenergy.com) or contact:

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