

ARBITRAGE EXPLORATION INC.

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FOR IMMEDIATE RELEASE

May 20, 2016
Symbol: AEA

ARBITRAGE ANNOUNCES FIRST CLOSING OF PRIVATE PLACEMENT

Toronto, CANADA, May 20, 2016 – Arbitrage Exploration Inc. (“**Arbitrage**” or the “**Company**”) (CSE: **AEA**) is pleased to announce that, further to its press release dated May 18, 2016, the Company has completed the first tranche (“**First Tranche**”) of a private placement (the “**Offering**”) for gross proceeds of \$95,225 through the issuance of 1,904,500 Units, of which 104,500 Units have been subscribed for by Ms. Judy Baker, a director, President and Chief Executive Officer of the Company. Each Unit consists of one common share in the capital of the Company (each, a “**Common Share**”) and one-half of one Common Share purchase warrant (each whole warrant, a “**Warrant**”). Each Warrant shall entitle the holder thereof to purchase one Common Share at a price of CDN\$0.10 per Common Share for a period of twenty-four (24) months from the date of issuance. Gross proceeds raised from the Offering will be used for general operating expenses.

The securities issued upon closing of the First Tranche are subject to a hold period until September 21, 2016, pursuant to applicable securities laws.

The participation by Ms. Baker in the First Tranche constitutes a “related party transaction” as defined under Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Such related party transaction is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101 as neither the fair market value of securities being issued to the related party nor the consideration being paid by the related party will exceed 25% of the Company's market capitalization. The participants in the First Tranche and the extent of such participation were not finalized until shortly prior to the completion of the First Tranche. Accordingly, it was not possible to publicly disclose details of the nature and extent of related party participation in the First Tranche pursuant to a material change report at least 21 days prior to the completion date.

For more information please contact:

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NEITHER THE CANADIAN SECURITIES EXCHANGE NOR ITS REGULATIONS SERVICES PROVIDER HAVE REVIEWED OR ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

Forward-looking Information Cautionary Statement

Except for statements of historic fact, this news release contains certain “forward-looking information” within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate” and other similar words, or statements that certain events or conditions “may” or “will” occur. Forward-looking statements are based on the opinions and estimates at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements including, but not limited to delays or uncertainties with regulatory approvals, including that of the CSE. There are uncertainties inherent in forward-looking information, including factors beyond the Company's control. The Company undertakes no obligation to update forward-looking information if circumstances or management's estimates or opinions should change except as required by law. The reader is cautioned not to place undue reliance on forward-looking statements. Additional information identifying risks and uncertainties that could affect financial results is contained in the Company's filings with Canadian securities regulators, which filings are available at www.sedar.com.