

## **ARCAN RESOURCES LTD. PROVIDES Q1 2007 DRILLING UPDATE**

CALGARY, Alberta, Canada, January 29th, 2007 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Corporation"), the corporation formed by the amalgamation of Arcan Resources Ltd. and Desco Energy Ltd. ("Desco")(TSXV – "DSE"), is pleased to announce updated drilling results for Q1 2007 drilling program.

### **Q1 2007 Drilling Update**

#### **Hamburg**

Arcan announces an additional successful Slave Point oil well (100%) at 15-7-96-9W6 in the Hamburg Area of Northern Alberta. The previously press released well at 2-18-96-9W6 (50% net) has been successfully production tested in late January 2007 at a rate of approximately 1,450 bbls per day 40 API sweet oil and 1.5 mmcf per day natural gas.

Arcan now has 4 (2.5 net) successful wells into the western edge of the significant new pool discovery and is presently drilling one well (50% net) to delineate the eastern edge of the pool. One additional 100% well is planned prior to break-up 2007 to further delineate the aerial extent of the pool as defined by 3-D seismic. Arcan will release additional information when available.

Producing oil wells at 13-20-96-9W6 and 15-18-96-9W6 are presently pipelined and are restricted to 150 bbls per day each on maximum rate limitations ("MRL's"). Existing Slave Point pools in the immediate area are currently under Good Production Practice ("GPP") orders that allow wells to be produced without MRL restriction. Arcan has submitted applications to the Alberta Energy and Utilities Board (AEUB), which if approved for Arcan's new pool discovery, will lift these production limitations. Arcan believes that the four oil wells drilled to date have penetrated a continuous Slave Point Reef reservoir confirming a pool of significant aerial extent and reserve potential. Further development drilling is planned for commencement in Q4 2007.

#### **McLeod**

Arcan has recently drilled 3 (1.6 net) Gething gas wells with 100% success at McLeod that will result in an additional production of 2 to 5 mmcf per day commencing mid 2007.

Arcan's 2007 capital program will continue to focus on growth through exploration and development in its three core areas of Deer Mountain, McLeod River and Hamburg.

Arcan Resources Ltd. is an Alberta, Canada corporation that is principally engaged in the exploration, development and acquisition of petroleum and natural gas located in Canada's Western Sedimentary Basin.

*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*

## **Advisory Regarding Forward-Looking Statements**

Certain information with respect to the Corporation contained herein, including its assessment of future plans and operations contain forward-looking statements. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, certain of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency exchange rate fluctuations, imprecision of reserve estimates, uncertainty regarding drilling results, environmental risks, competition from other explorers, stock market volatility and ability to access sufficient capital. As a result, the Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. In addition, the reader is cautioned that historical results are not necessarily indicative of future performance.

For further information, please contact:

Ed Gilmet  
President and CEO  
Email [egilmet@arcanres.com](mailto:egilmet@arcanres.com); or

Douglas Penner  
Vice President, Finance and CFO  
Email [dpenner@arcanres.com](mailto:dpenner@arcanres.com)

Arcan Resources Ltd.  
Suite 3200, 450 - 1<sup>st</sup> Street S.W.  
Calgary, Alberta T2P 5H1  
Telephone (403) 262-0321  
Fax (403) 262-4636