

ARCAN RESOURCES LTD. PROVIDES DRILLING AND TRADING UPDATE

CALGARY, Alberta, Canada, January 8, 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 the winter 2006 – 2007 drilling program and provide an update regarding the status of the trading of Arcan's shares.

Operational Update

Arcan has recently cased another (0.50 net) successful Slave Point oil well 2-18-96-9W6 in the Hamburg Area of Northern Alberta. Details regarding completion results will be released when available. A second well drilled on a separate exploration feature was unsuccessful in the Slave Point and was cased for up-hole horizons.

In early 2006 Arcan made a significant Slave Point oil discovery with the drilling of a well at 13-20-96-9W6 which encountered 15 meters of porous Devonian reef. Upon completion the well was flowing 600 bbls per day 40 API light sweet crude oil and 3.78 MMcf per day natural gas at 9964 kPa. A second follow-up well drilled in March 2006 at 15-18-96-9W6 also encountered 15 meters porous Devonian reef with the completion resulting in 1,800 bbls per day 40 API oil and 2.8 MMcf per day gas with a flowing pressure of 8100 kPa. These wells are presently pipelined and are restricted to 150 bbls per day each on maximum rate limitations ("MRL's"). Arcan has made applications to the EUB to provide relief from the MRL restrictions. Arcan has a 50% working interest in these wells and believes that the two oil wells, approximately two kilometres apart, are producing from the same reservoir. The new well at 2-18-96-9W6 was approximately one kilometre south of the 15-18-96-9W6 well.

Arcan is preparing to drill two more Slave Point wells (1.5 net) in the area during Q1, 2007. One further additional well (1.0 net) offsetting these discoveries may be drilled this season in this winter access area.

In addition to the Hamburg area, Arcan's other core assets are located in central Alberta at McLeod River, where Arcan has an active drilling program having rig released its last well on December 27, 2006, and the Swan Hills Area where Arcan owns a 76% working interest in Deer Mountain Unit 2 producing 40 API light sweet crude oil into Arcan owned facilities and pipelines. Further details regarding operations and recent results in these areas are expected to be available to be released shortly.

Update on Status Regarding Trading in Arcan Shares

The TSX Venture Exchange (the "TSXV") has confirmed to Arcan that it has accepted notice of the amalgamation of Arcan Resources Ltd. and Desco and that the Corporation's shares will begin trading on the TSXV on January 9, 2007 under the symbol "ARN". The issued and outstanding share capital of the Corporation is currently comprised of 28,907,378 common shares. In addition, 2,483,500 common shares are issuable upon exercise of outstanding stock options, 1,287,810 common shares are issuable upon exercise of outstanding warrants and 1,500,000 common shares are issuable upon exercise of performance options. The Corporation

has 6,550,400 performance shares that may be converted into a maximum 1,335,000 common shares based on reserve additions in the Hamburg area.

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 TSXV has in no way approved nor disapproved the contents of this press 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.

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