

ARCAN RESOURCES LTD. ANNOUNCES THIRD QUARTER 2008 RESULTS.

CALGARY, Alberta, Canada, November 21, 2008 – Arcan Resources Ltd. (TSXV – "ARN") ("We", "Arcan" or the "Company"), is pleased to announce third quarter results.

THIRD QUARTER 2008 HIGHLIGHTS

- ☆ The Company increased production, revenue, cash flow from operating activities, funds from operations, netbacks and net income over Q3, 2007;
- ☆ The Company increased production to 1,444 boe per day for the three months ended September 30, 2008 up 11% over the 1,304 boe per day in Q3, 2007 and down 10% from 1,604 boe per day in Q2, 2008;
- ☆ Operating netbacks of \$56.64 per boe (revenue of \$103.03 per boe and operating cost of \$18.68 per boe) were up 37% from \$41.49 per boe in Q3, 2007 and down 25% from \$75.95 per boe in Q2, 2008;
- ☆ Funds from operations increased 69% to \$6.7 million (\$0.17 per diluted share) from \$4.0 million (\$0.11 per diluted share) in Q3, 2007 and down 30% from the \$9.6 million (\$0.24 diluted per share) in Q2, 2008;
- ☆ Drilled five (4.0 net) oil wells including one water source well in Deer Mountain;
- ☆ Bank line increased to \$50 million from \$40 million with net debt and working capital of \$32.4 million at September 30, 2008; and
- ☆ In early Q4 2008, successfully drilled its first oil well on its new 59 section block of lands south and adjacent to its Deer Mountain Unit property. Arcan's management expects that this well will prove up additional reserves and demonstrate drilling opportunities south and east of Arcan's existing unit.

Financial and Operating Summary

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Financials (\$000s except per share amounts)				
Oil and NGL sales	11,863	6,452	34,447	15,313
Natural gas sales	<u>1,827</u>	<u>1,344</u>	<u>6,111</u>	<u>4,953</u>
Total petroleum and natural gas revenue	13,690	7,796	40,558	20,226
Cash flow from operating (GAAP)	7,150	3,414	19,379	6,830
Funds from operations ¹	6,747	3,981	22,567	8,760
Per share basic ¹	0.18	0.12	0.60	0.28
Per share diluted ¹	0.17	0.11	0.58	0.28
Net Income (loss)	2,145	152	7,772	(779)
Per share basic	0.06	0.00	0.21	(0.02)
Per share diluted	0.05	0.00	0.20	(0.02)
Capital expenditures – cash	11,323	11,500	24,941	41,039
Total Assets	143,006	107,175	143,006	107,175
Total Liabilities	54,340	27,747	54,340	27,747
Shareholders' equity	88,666	79,427	88,666	79,427
Bank Loan, net of cash and cash equivalents	22,919	8,619	22,919	8,619
Net debt and working capital	32,412	14,585	32,412	14,585

Financial and Operating Summary

	Three Months Ended		Nine Months Ended	
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007
Operating, General and Administrative (G&A)				
Production:				
Crude oil (bbls per day)	1,087	929	1,137	800
Natural gas (mcf per day)	2,144	2,246	2,228	2,384
Total (boe per day) (6:1)	1,444	1,304	1,508	1,197
Average realized price:				
Crude oil (\$ per bbl)	118.63	75.47	110.57	70.15
Natural gas (\$ per mcf)	9.26	6.51	10.01	7.61
Combined average (incl. processing revenue) (\$ per boe)	103.03	65.01	98.14	62.02
Netback (\$ per boe)				
Petroleum and natural gas sales	103.03	65.01	98.14	62.02
Royalties	27.71	14.12	21.63	14.88
Operating and transportation expenses	18.68	9.40	14.08	9.04
Operating netback	56.64	41.49	62.43	38.10
G&A expenses – cash	5.06	6.02	5.91	9.44
Interest expense – net	0.78	2.26	1.69	1.85
Corporate netback	50.80	33.21	54.83	26.81
Common Shares (000s)				
Shares outstanding, end of period	37,869	36,471	37,869	36,471
Weighted average shares ² - basic	37,829	33,744	37,448	31,472
- diluted	39,096	36,370	38,746	31,472

1 The reader is referred to the section – “Special Note Regarding Non-GAAP Measures”.

2 In computing the net loss per diluted share in the nine month 2007 period, nil shares were added to the weighted average number of shares outstanding because they were anti-dilutive.

Overview

Global equity markets have contracted significantly and this has been, and may continue to be, very challenging for smaller producers. This volatile and uncertain environment poses new challenges, including the assessment of when a recovery will occur and what other unpredictable series of events could precede it. To deal with these uncertainties Arcan is utilizing the knowledge of its Board of Directors and financial partners, and is assessing all operating and capital needs on an ongoing basis. Arcan continues to work closely with its financiers and lenders to keep abreast of external credit issues as well as keeping our lenders informed of Arcan’s ongoing operations and plans. Oil and gas prices now hover near Q4, 2006 levels with oil near \$60 per boe Edmonton and gas near \$40 per boe for Alberta spots. At these prices Arcan has adequate cash resources to complete the \$4.0 million in capital commitments it has outstanding as well as fund operations and working capital requirements. Arcan’s common shares have traded recently at levels that management considers do not reflect the full value of the Company. Arcan is reviewing all areas of its operations to generate cost reductions in order to remain competitive in this restrictive environment. Arcan’s production base should remain relatively stable as its largest asset at Deer Mountain is part of a large very mature and predictable oil field. The majority of Arcan’s assets are under waterflood, which should assist in limiting production decline rates. Under a stable production base, Arcan estimates that it would remain cash flow positive even at \$30.00 per boe oil prices. Arcan will continue to adjust to commodity and market conditions and modify its spending accordingly.

Strong oil production combined with price for light oil provided Arcan with funds from operations for the three and nine month periods ended September 30, 2008, of \$6.7 million and \$22.6 million, respectively, a 70% and 159% increase over the \$4.0 million and \$8.8 million, respectively, for the three and nine month periods ended September 30, 2007. For the three months ended September 30, 2008 production was 1,444 boe per day which is 11% higher than the 1,304 boe per day average production for the three months ending September 30, 2007.

Successful drilling in Deer Mountain lifted production at the end of the third quarter, with current production from Deer Mountain exceeding 1,000 (800 net) boe per day. Deer Mountain continues to perform well as we see reservoir pressure response from water injection and new drilling locations being tied-in. Subsequent to the third quarter, Arcan drilled its first well on its new 59 section block of lands immediately adjacent to the south of Deer Mountain Unit 2. The new well is on production at over 75 (50 net) boe per day and Arcan's management expects that this well will prove up additional reserves and demonstrate productivity extensions south and east of Arcan's existing unit.

Arcan continues its efforts to have its Maximum Rate Limitations ("MRL's"), and thereby production, lifted in Hamburg. Arcan expects to produce between 1,600 and 1,800 boe per day in the fourth quarter of 2008 taking into consideration the impact of new production in Deer Mountain, however providing no increases for potential MRL's being lifted in Hamburg. Arcan's production and investment in drilling continues to be levered towards light oil. Arcan operates its core properties and is able to re-allocate capital expenditures among exploration and development drilling for both oil and natural gas. Arcan has a large inventory of infill oil locations with low risk profiles and high reserve potential. Paramount to Arcan and to its management team is adding value for the Company's shareholders.

Overview of Arcan's Core Areas

Hamburg

Production averaged 775 boe per day with \$55.95 per boe operating netbacks for the three months ended September 30, 2008 up from 491 boe per day and \$45.73 per boe operating netbacks in the three months ended September 30, 2007. For the nine months ended September 30, 2008 production averaged 822 boe per day with \$67.66 per boe operating netbacks up from 367 boe per day and \$48.11 per boe operating netbacks in the nine months ended September 30, 2007. Production rates in the third quarter partially reflected the capability of our new well at 13-17, which was drilled in the first quarter of 2008. The new well produced at high rates during a portion of the third quarter and was shut-in due to over production and will likely be converted into a water injection well as part of an expanded Enhanced Recovery Scheme ("ER Scheme"). Elevated operating costs in the third quarter reflected an expensive work-over performed by helicopter on one of the wells. Arcan is investigating all weather roads to limit the high costs of summer access.

Arcan has drilled a total of seven wells in the area of the GG Pool located in Twp. 096 Range 09W6M. As of the date hereof, only three (two producers and one injector) of these wells are within the boundaries of the approved ER Scheme and have Good Production Practice (“GPP”) status with the balance of the wells remaining on limited rates by MRL’s. Recently Arcan, together with its partner, have filed a joint application to expand the ER Scheme to include all producing wells. As well, Arcan’s partner has filed a letter of non-objection. Arcan anticipates that this may expedite the final approval process.

In addition to the five to six additional locations identified within the area of the GG Pool which could be drilled this coming winter. Arcan has numerous ready to drill exploration plays in the Hamburg area, both in Alberta and in British Columbia and continues to add to its drill ready inventory for this winter’s exploration. Arcan is assessing market conditions, budget availability, as well as other avenues to facilitate its development and exploration programs.

McLeod

Production averaged 145 boe per day with \$18.96 per boe operating netbacks for the three months ended September 30, 2008, down from 359 boe per day with \$22.97 per boe operating netbacks in the three months ended September 30, 2007. Production averaged 194 boe per day with \$31.78 per boe operating netbacks for the nine months ended September 30, 2008, down from 397 boe per day with \$28.15 per boe operating netbacks in the nine months ended September 30, 2007. Production declines reflect both shut in periods as well as normal declines from lack of investment. Higher operating costs reflected work done related to operations to re-commence production from the area after the shut-in period as well as \$188,000 in retro-active processing cost adjustments.

In mid-June 2008, a third party operator commenced a planned shut down of its infrastructure which shut-in Arcan’s production from McLeod until the start of August. These wells, one (0.5 net) new well that was drilled late in Q2, 2008 plus an additional well that has been shut-in since March, are now on production and are averaging approximately 200-300 boe per day under continued facility capacity constraints.

Arcan is evaluating further delineation drilling and down-space drilling in our main pool in McLeod. However, additional drilling would cause further pipeline capacity issues and would involve expending capital for any production additions. Arcan’s budget remains restricted in the McLeod areas and has been restricted over the past eighteen months to focus on its higher netback oil properties. In the McLeod area Arcan has a further four locations with proposed drilling depths of around 2,500 meters which have been surveyed and other deeper opportunities in the area are being accumulated.

Deer Mountain

Production averaged 521 boe per day with \$62.93 per boe operating netbacks for the three months ended September 30, 2008 up from 444 boe per day with \$53.75 per boe operating netbacks in the three months ended September 30, 2007. Production averaged 489 boe per day with \$67.08 per boe operating netbacks for the nine months ended September 30, 2008 up from 412 boe per day with \$40.45 per boe operating netbacks in the nine months ended September 30, 2007. In Deer Mountain development drilling followed by reservoir pressure maintenance through water pressure remain the keys to maximizing asset potential.

Since early June, 2008 Arcan has drilled nine (8.1 net) wells in Deer Mountain Unit 2. Six of the new unit wells are on production as oil wells, one well has been completed as a water injector, one well was drilled off reef and abandoned, and one well is awaiting tie-in as a water source well. The newly completed oil wells are on-stream at initial rates between 60 - 250 (50 - 200 net) boe per day each of flush production. Arcan has been encouraged by the north eastern reef edge extension wells delineated by its proprietary 3D seismic. These wells have indicated the presence of economic reservoir and established further drilling locations on the eastern edge of the field, as well as adding validity to Arcan's seismic interpretation. Arcan anticipates drilling additional wells into this newly defined reef edge extension followed by subsequent reservoir pressure support through increased water injection.

In addition to the drilling in Deer Mountain Unit 2, Arcan has drilled and completed its first well in early Q4, 2008 on its new lands immediately to the south of Deer Mountain Unit 2. Earlier in 2008, Arcan expanded its interests in the area with the acquisition of varied interests (30% to 100%) in over 59 sections and a 19.5 section farm-in on lands immediately adjacent to the south of its Deer Mountain Unit. The new well is on production at over 75 (50 net) boe per day and Arcan's management expects that this well will prove up additional reserves and demonstrate productivity extensions south and east of Arcan's existing unit. Arcan has further option wells that it may embark upon to expand this play. Arcan has proprietary 3D seismic over this first drilling location and has elected to shoot further 3D seismic to the south to delineate additional drilling locations. Further successful wells could add to Arcan's extensive oil resource play and generate significant follow-up and extension opportunities. Arcan's Deer Mountain property contains a large inventory of low risk development infill oil wells with high reserve impact and light oil netbacks.

Outlook

The significant reductions in commodity prices combined with the impact of the securities market fluctuations in the fourth quarter of 2008 make forecasting as difficult as it has ever been. To ensure maximization of value to Arcan shareholders, cost reduction measures and increased scrutiny of capital and related controls will be paramount. Arcan's capital plan for the balance of 2008 and into 2009 is to develop and expand the assets we already own and have invested in. Arcan expects that will lead it to drill reserve development wells and pool delineation wells in Deer Mountain, additional development gas wells and exploration wells in McLeod, and development wells in our Hamburg pool. Arcan may also look to add and possibly consolidate interests in its core areas. These activities are expected to add production and value on a very capital effective basis. Arcan continues to consider possible opportunities for strategic acquisitions or other business transactions. On the operations side we expect to continue to focus on water injection in Hamburg and in Deer Mountain which remain the key driver to increasing value. Arcan is maximizing its daily production and taking advantage of the high netback environment.

For the balance of 2008 we intend to stay within our bank lines, drill expansion wells in Deer Mountain and build up our exploration opportunities and our platform for continued growth. We are oil weighted and continue to direct our investments into these areas as oil prices and netbacks continue to outperform those of natural gas on a per boe basis. We are monitoring and planning for the impact of the changes and the modifications to the Alberta royalty rates.

Arcan will be filing its Management Discussion and Analysis (“MD&A”) and the unaudited interim financial statements for the three and six month periods ending June 30, 2008 as compared to the three and six month periods ending June 30, 2007 and compared to the three month period ended March 31, 2008. For a full understanding of the financial position and results of operations of the Company the MD&A should be read in conjunction with the unaudited interim financial statements of the Company and other documents filed on SEDAR, including historical financial statements, the Company’s management information circular dated April 22, 2008 and the Company’s Annual Information Form (“AIF”) dated April 3, 2008 for the year ended December 31, 2007. These documents, as well as historical press releases will or have been filed and will be available under Arcan's SEDAR profile at www.sedar.com.

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. Arcan has 37,868,560 common shares, 586,631 Warrants, 1,500,000 performance warrants, and 3,656,000 stock options outstanding.

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

BOE Presentation – Production and reserve information is commonly reported in units of barrel of oil equivalent (“boe”). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil (i.e., 6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

Netbacks – Operating netbacks are defined as sales revenue, less royalties and operating expenses. Corporate netbacks are defined as operating netback, less G&A and interest.

Special Note Regarding Non-GAAP Measures – This press release contains financial terms that are not considered measures under Canadian generally accepted accounting principles (“GAAP”), such as “funds from (used in) operations”. This measure is commonly utilized in the oil and gas industry and is considered informative for management and shareholders. Specifically, “funds from (used in) operations” represents net loss for the period adjusted for non-cash items in the statement of operations. This term should not be considered an alternative to, or more meaningful than cash flow from operating activities as determined under GAAP as an indicator of the Company’s performance. Management considers this term to be important as it helps evaluate performance and demonstrates the Company’s ability to generate sufficient cash to fund future growth opportunities.

Advisory Regarding Forward-Looking Statements

Certain information with respect to the Company contained herein, including its assessment of future plans and operations contain forward-looking statements. In some cases, forward-looking statements and information can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "proposed", "anticipates", "targets", "believes", "estimates", "continue", "designed", "objective", "potential" and similar expressions. In particular, this document contains forward-looking statements and information with respect to: estimated volumes and timing of future production; business plans for drilling, exploration and development; estimated dates for seismic and other programs; and other expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations and performance. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, certain of which are beyond the Company'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 Company'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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