ARCAN RESOURCES LTD. ANNOUNCES JUNE 30, 2007 FINANCIAL AND OPERATING INFORMATION

CALGARY, Alberta, Canada, August 24, 2007 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Company"), is pleased to announce June 30, 2007 financial and operating information.

SECOND QUARTER 2007 HIGHLIGHTS

- ✫ The Company's year over year same quarter production for the three months ended June 30, increased by 120% to 1,289 boe per day;
- ✫ Operating netbacks of $39.86 per boe (revenue of $61.94 per boe and operating expenses of $7.44 per boe);
- ✫ Purchased an additional 1.5% interest in the Deer Mountain Unit #2;
- ✫ Commenced progress on Hamburg water injection; and
- ✫ Raised $15.2 million by means of an equity financing and increased bank facility to $25.0 million.

FINANCIAL AND OPERATING SUMMARY

	Three Months Ended		**Six Month Ended**	
	June 30, 2007	June 30, 2006	**June 30, 2007**	June 30, 2006
Financials ($000s except per share amounts)				
Oil and NGL sales	**5,072**	1,871	**8,861**	2,592
Natural gas sales	**2,193**	1,170	**3,610**	2,924
Total petroleum and natural gas revenue	**7,265**	3,041	**12,471**	5,516
Funds from operations	**3,021**	1,364	**4,779**	2,689
Per share basic	**0.10**	0.07	**0.16**	0.16
Per share diluted	**0.10**	0.07	**0.16**	0.16
Net loss	**(356)**	(756)	**(932)**	(1,275)
Per share basic	**(0.01)**	(0.04)	**(0.03)**	(0.08)
Per share diluted [1]	**(0.01)**	(0.04)	**(0.03)**	(0.08)
Capital expenditures [2]	**6,120**	8,939	**29,710**	21,445
Net debt	**(16,964)**	(10,328)	**(16,964)**	(10,328)
Operating, General and Administrative (G&A)				
Production:				
Crude oil (bbls per day)	**792**	268	**734**	200
Natural gas (mcf per day)	**2,980**	1,908	**2,454**	2,154
Total (boe per day) (6:1)	**1,289**	586	**1,143**	559
Average realized price:				
Crude oil ($ per bbl)	**70.35**	76.64	**66.73**	71.60
Natural gas ($ per mcf)	**8.09**	6.74	**8.13**	7.50
Combined average (incl. processing revenue) ($ per boe)	**61.94**	57.00	**60.30**	54.51
Netback ($ per boe)				
Petroleum and natural gas sales	**61.94**	57.00	**60.30**	54.51
Royalties	**14.64**	13.89	**15.32**	14.05
Operating and expenses	**7.44**	5.17	**8.83**	5.86
Operating netback	**39.86**	37.94	**36.15**	34.60
G&A expenses	**12.64**	13.67	**11.43**	8.83
Interest expense	**1.51**	-	**1.65**	-
Corporate netback	**25.71**	24.27	**23.07**	25.77
Common Shares (000s)				
Shares outstanding, end of period	**33,635**	24,542	**33,635**	24,542
Weighted average basic and diluted shares outstanding	**31,721**	19,789	**30,318**	16,582

1 In computing the net loss per diluted share, nil shares were added to the weighted average number of shares outstanding because they were anti-dilutive.

2 Capital expenditures for 2007 includes cash additions of $6.1 million for the quarter and $21.1 for the six month period, as well as asset retirement obligations, and acquisition additions.

Overview

Since the first quarter of 2007, Arcan has completed drilling one well in Deer Mountain, acquired additional interests in Deer Mountain, and accumulated the required facilities for water injection in Hamburg. Arcan also purchased land in all core areas and purchased seismic for winter exploration projects. Arcan invested $6.1 million of capital in the second quarter of 2007.

Arcan achieved production growth of 120% to an average of 1,289 boe per day in the second quarter of 2007 from an average of 586 boe per day in the second quarter of 2006 and up 30% from 995 boe per day in the first quarter of 2007. Production growth in the second quarter of 2007 is primarily due to increased oil volumes in Hamburg and higher gas production in McLeod. Although the Hamburg wells are producing under maximum rate limitation ("MRL") guidelines and third party production constraints the additional production from wells drilled during the winter program has increased oil production in this area. Arcan is working to reduce the third party production constraints in Hamburg by either acquiring an operating interest in the area facility or building its own operated facility. In McLeod, normal declines were more than offset with the gas production from the wells drilled during the last winter program that began producing during the end of the first quarter of 2007 or in the early part of the second quarter. In Deer Mountain production in the second quarter of 2007 stayed level with production from the first quarter. Arcan expects that the rates in Deer Mountain will increase as the planned water injection commences. Conversion of the producing 15-29-67-8W5 oil well to a water injector originally planned in November 2006, is now underway. This injector and the related water pipeline are required to provide the pressure support necessary to this northern portion of the Deer Mountain Unit. The Company has reduced its guidance for 2007, anticipating average production of 1,400 boe per day, down from 1,750 but remains confident in the exit production of 2,300 boe per day.

Arcan's operations in the second quarter of 2007 resulted in an average operating netback (defined as revenue; less royalties and operating expenses on a per boe basis) of $39.86 per boe. Funds from operations grew by 121% to $3.0 million in the second quarter of 2007 from $1.4 million in the second quarter of 2006 and increased from $1.8 million in the first quarter of 2007 primarily as a result of increased volumes and prices. This translated to a net loss of $0.4 million in the second quarter of 2007 as compared to a net loss of $0.8 million in the second quarter of 2006 and a $0.6 million net loss in the first quarter of 2007.

Arcan's bank line, based on the December 31, 2006 reserves report, increased to $25.0 million and management expects that Arcan will have a conservative level of leverage at the end of 2007, with a debt to annualized fourth quarter 2007 cash flow ratio of less than one.

The Company is excited as it looks forward to the balance of 2007, as drilling and workovers are expected to start in Deer Mountain, and injection work in Hamburg has commenced. With lower natural gas prices and strong oil prices, Arcan will focus its efforts on developing and expanding its oil assets and reducing its planned gas drilling at McLeod for the balance of 2007. All three of Arcan's areas contribute to one of the key elements of Arcan's business plan, being growth in value on a per share basis.

Hamburg
The Hamburg "GG" Slave Point oil pool was discovered by Arcan in February 2006. Arcan owns 50% in the first four wells and 100% in the fifth well drilled into the reef complex. Arcan previously disclosed the results of these wells. Arcan believes these Slave Point oil wells have resulted in a significant oil discovery of 40° API sweet oil and liquid rich natural gas. Three of the five wells were completed in 2007, which is expected to increase Arcan's reserves. Arcan plans to drill an additional four to six (3 to 4 net) development wells (including 1 - 2 injectors) into this reef complex this coming winter.

The existing wells are currently subject to MRLs imposed by the Alberta Energy and Utilities Board ("EUB"). Arcan applied and received approval for enhanced recovery status from the EUB, which is expected to significantly raise these production limitations. Approvals are conditional on water injection. To date Arcan has sourced injection equipment, drilled a water source well and built an all weather road into the area. Arcan is now completing and testing the source well and then plans to re-complete the 13-20 well to convert it to an injector and install the related facilities for completion targeted at October 1, 2007.

Management has over 18 years of experience drilling Slave Point targets in this area with a 65% historical success ratio, which exceeds the industry average. Arcan plans to continue to explore for new Slave Point reefs in the Hamburg area with 3 to 5 (100% Arcan) of these higher impact exploratory Slave Point prospects slated for this coming winter.

McLeod
Arcan's drilling at McLeod targets gas in Mannville and Jurassic aged strata at depths of 1,800-2,300 metres. Arcan has drilled six (4.2 net) Gething gas wells at McLeod. Four (3 net) of these wells are on production. These wells are producing in excess of 400 boe per day net to Arcan. Arcan has recently commenced drilling a 100% well in this area.

At McLeod, Arcan has a large inventory of medium-risk drilling prospects that have been developed by its two geologists, who have worked the McLeod area for over 15 years each with major companies, drilling in excess of 300 wells combined. Arcan's exploration experience in this area facilitates farm-ins and is expected to contribute to a high success ratio. Arcan competes by farming in or acquiring lands where Arcan has developed drill-ready prospects. This approach allows Arcan to run full economics and include risks for tie-in and land expiries. Arcan is also pursuing deeper, Devonian high impact targets in the area but is focusing the majority of its capital on oil development projects, due to lower natural gas prices. A deeper target originally planned for the fourth quarter of 2007 has been slated into 2008.

Deer Mountain
The Swan Hills Deer Mountain Unit #2 (the "Deer Mountain Unit") is part of the Swan Hills Reef Complex. The Deer Mountain Unit is considered one of the most undeveloped pools in this Swan Hills Complex as the majority of the complex is under secondary and tertiary recovery schemes. To date, Arcan has fracture stimulated some existing oil wells, reworked existing water injection wells, drilled new oil wells and one new water injection well, tied-in liquids rich solution gas that was previously flared and shot a new 3D seismic program covering approximately 18 square kilometres. As well, Arcan has constructed a new oil battery capable of 4,000 barrels of fluid per day and a new water handling facility.

Initial production from the Deer Mountain Unit commenced in 1964 and unitization occurred in late 1984. Recovery from the Deer Mountain Unit is low compared to offsetting pools in the field because of a historic lack of drilling and water injection. It is estimated that the oil recovered from the unit to date is approximately 8.6% and total recovery is currently estimated to reach 35 - 40%. Arcan believes ultimate recovery will increase significantly as development drilling and water injection proceeds. Adjoining units in the field have actual and expected recoveries estimated to be 35-40% with some operators expecting further increases in the future from potential CO_2 injection schemes. To help plan operations, Arcan has shot 3-D seismic, constructed a geological model using Petrel software and is running a waterflood simulation using Eclipse software.

Arcan considers Deer Mountain to be a "legacy asset" which is expected to produce for another 20 years or more. Arcan's most recent well drilled in the second quarter of 2007 had initial production rates in excess of 350 boe per day and is the most prolific well drilled by Arcan in this pool. This well had production declines due to lack of pressure maintenance and Arcan has just completed the injector to provide the required pressure support. Additional drilling is expected to commence late in the third quarter of 2007. The new battery and centralized water injection facilities were on stream in February 2007 and will allow Arcan to implement a field wide water flood and continue drilling patterns of producing wells and water injection wells. Based on 200 metre well spacing, Arcan expects to have several years of development drilling to increase rates and recoveries from the unit. Additional upside is expected through well bore optimization and work-overs of existing well bores. Arcan has also identified the potential for exploration drilling in the Deer Mountain area.

Financial Statements and Management's Discussion and Analysis

Arcan is filing with certain Canadian securities regulatory authorities today its financial statements for the quarter ended June 30, 2007 and the accompanying Management's Discussion and Analysis. These filings 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. As at August 24, 2007 Arcan had 33,770,995 common shares, 619,191 Warrants, 1,500,000 performance warrants, 6,550,400 performance shares and 3,140,000 stock options outstanding.

Legal Advisories

BOE Presentation **–** Production 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. Boe's 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. Boe's may be misleading, particularly if used in isolation.

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 measures 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. Operating and corporate netbacks are also presented in which operating netbacks represent Arcan's revenue per boe, less per boe royalties and operating expenses, and corporate netbacks represent Arcan's operating netback per boe, less per boe general and administrative and interest expense, in order to determine the mount of funds generated by each boe produced.

These measures do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. These terms 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 these terms to be important as they help evaluate performance and demonstrate the Company's ability to generate sufficient cash to fund future growth opportunities. Readers should be aware that historical results are not necessarily indicative of future performance.

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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