

ARCAN RESOURCES LTD. PROVIDES OPERATIONAL UPDATE

CALGARY, Alberta, Canada, January 15, 2008 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Company"), is pleased to provide an operating update.

Drilling – Winter 2007

Since October, 2007, Arcan has drilled three (2.0 net) wells in Hamburg. Two (1.0 net) development wells were successfully drilled into the Slave Point GG Pool ("GG Pool") and one exploration well was unsuccessful. Arcan also successfully drilled three (2.4 net) wells in Deer Mountain, the first of which is now on-stream and the other two are undergoing equipping operations.

In the Hamburg GG Pool, the first development well (0.5 net) at 7-19-096-09W6M ("7-19") was drilled in December, 2007 and has been successfully completed. This well was tested at rates of approximately 800 (400 net) boe per day and is expected to be on-stream by February 1, 2008. This well was drilled within the area of the Enhanced Recovery Scheme ("ER Scheme") and is therefore expected to commence production with Good Production Practices ("GPP") status at stabilized rates of approximately 400 (200 net) boe per day. A second well was drilled and cased in early January at 13-17-096-09W6M ("13-17") and is awaiting completion. The logs from this well indicate 20 meters of reef pay making this well potentially the best net pay of all of the wells drilled by Arcan in the area. Arcan believes this well is an extension of the GG Pool and Arcan will apply to the Alberta Energy and Utilities Board ("EUB") to have it included into the GG Pool and the ER Scheme. Upon completion, the 13-17 well will produce under "new oil well production period" for four months at an estimated rate of 400 (200 net) boe per day until it is subjected to maximum rate limitations ("MRL"). At least two more locations have been identified in the area of the GG Pool but further drilling is not anticipated until the results of the last two wells are evaluated and further modeling of the waterflood has been completed.

Arcan anticipates drilling one additional exploration well in Hamburg, one well in Deer Mountain and one non-operated well in McLeod during the first half of 2008.

Production

Arcan has implemented two major waterflood projects on high quality Devonian oil pools over the last two years. These ER Schemes require intensive up-front investment of time, capital and patience. Investments of this nature are long term value oriented projects and can experience short term fluctuations. Arcan has experienced production delays as it moves through regulatory approvals and gains control of facilities. Delays of this nature are related to the timing of implementation, rather than being related to problems with the assets themselves. Successful water injection operations in both Hamburg and Deer Mountain were major milestones which are expected to significantly increase recoverable reserves and ultimately net asset value.

Arcan estimates that it has in excess of 2,000 boe per day of stabilized production capacity while current net production is approximately 1,250 boe per day. The Company's 2007 annual average production is estimated at approximately 1,175 boe per day, an increase from 583 boe per day average production in 2006 but less than the 1,400 boe per day target. For the three months ended December 31, 2007 production is estimated at 1,090 boe per day which is higher than the 775 boe per day average production for the three months ending December 31, 2006 but less

than 1,304 boe per day average production in Q3, 2007. Arcan targeted an exit production rate of 2,350 boe per day for 2007 which was not achieved.

Current production is comprised of 400 boe per day at McLeod, 400 boe per day at Deer Mountain and 450 boe per day at Hamburg. The daily production at Hamburg assumes wells on MRL rates of 50 boe per day each and the daily production at Deer Mountain of 400 boe excludes two higher rate wells not producing because of pump issues. The two wells at Hamburg, which are currently under MRL, flow at rates of approximately 200 boe per day (400 boe gross) each when they are on production and are then shut-in after monthly MRL limits are reached. These two wells are expected to add 150 boe per day each to Arcan after the MRL's are lifted. Arcan anticipates an additional 200 boe per day from the recently completed 7-19 well and 200 boe per day from the recently drilled 13-17 well. Also, additional volumes are expected at Deer Mountain when the new wells are equipped and pumping issues are resolved.

Production from 2007 was evenly split between Arcan's three core areas. For 2008, Arcan estimates a higher weighting to oil production from Hamburg and Deer Mountain based on extensive investments made in 2007. Arcan estimates a production range of 1,500 to 2,200 boe per day for 2008. Arcan has made significant inroads in 2007 in the implementation of two ER Schemes on high quality oil properties. The fully implemented ER Schemes on these properties provide Arcan with a long reserve life and stable production base. In the shorter term, there is significant impact to average production levels based on the timing of GPP approval in Hamburg and the response to water injection in Deer Mountain.

Overview of Arcan's Core Areas

Hamburg

On November 1, 2007 Arcan acquired operatorship and a 50.25% working interest in the oil battery which services the oil wells located in the area of the GG Pool. This followed the approval of the ER Scheme over a portion of the pool and commencement of water injection into the pool in late October.

Arcan has drilled a total of seven wells in the area of the GG Pool located in Twp. 096 Range 09W6M. On December 20, 2007 the EUB made further modifications to its definition of the pool boundaries resulting in six wells (all except the recently cased 13-17 well) being located within the boundaries of the GG Pool. Arcan expects that the ER Scheme application will be approved in short order given that the wells are now classified as part of the same pool and the pool is under waterflood. So far, only three of the six wells recognized in the pool are within the boundaries of the approved ER Scheme and hence have GPP status. These wells are the 13-20 water injection well, the 15-18 producing well and the recently completed 7-19 well. The next step in the development of the waterflood is to get approval from the EUB to include the remaining wells in the GG Pool into the ER Scheme and to have the recently drilled 13-17 well added to the GG Pool then to the ER Scheme. When the boundaries of the ER Scheme are amended these wells will be expected to have GPP status resulting in relief from the current MRL's of approximately 100 (50 net) boe per day per well versus well capability of a stabilized 400 (200 net) boe per day each. It is anticipated that Arcan's average production from the GG Pool will be 800 to 1,150 boe per day for 2008.

Additional locations in the "GG Pool" will be determined after the results of the last two wells have been fully evaluated and further modeling of the waterflood has been completed.

The main reasons for Arcan's production in Hamburg being lower than anticipated for 2007 are as follows:

- 1) Arcan was not able to maximize production during the "new oil well production period" for the wells drilled last winter because another operator was controlling the production of the wells during this period;
- 2) Arcan anticipated receiving GPP status on two additional wells before year-end;
- 3) The well at 15-18 was granted GPP status while another operator was in control of production. This operator limited production rates from this well after GPP status was approved;
- 4) Arcan anticipated that the 7-19 well would be on-stream before year-end, however surface conditions delayed drilling; and
- 5) Ongoing electric submersible pump and third party operator issues at Arcan's 100% working interest well at 14-07. This well has now been added to the GG Pool and will be subject to MRL's commencing February 1, 2008, until it is added to the ER Scheme.

Arcan anticipates installing a new treater at the Hamburg battery at the end of January, 2008 which will increase both battery handling capacity and reliability. The next restriction in Hamburg is the oil pipeline takeaway capacity of approximately 2,200 barrels of oil per day. Arcan will perform the preliminary field work which will allow it to upgrade that capacity in the summer of 2008 if production remains limited by that capacity. Arcan has made great strides in this pool in 2007 culminating in implementing a waterflood and operatorship of the battery. These efforts and up-front investments should provide Arcan with a stabilized asset base going through 2008.

A second Hamburg exploration well is anticipated to be spud in late January, 2008 or early February, 2008 and if successful will be tied-in prior to spring break-up.

McLeod

Early in 2007, Arcan reduced drilling in McLeod to focus on higher netback oil. Although Arcan considers this to have been prudent given softening gas prices, this has resulted in significantly lower than anticipated production volumes coming out of the McLeod area. Production in the area was hampered when one high rate gas well depleted rapidly and one well drilled in Q3 was not on production until the last few days of December. Although this well was on production later than anticipated, it is now producing at over 200 boe per day. Four additional locations with proposed drilling depths of around 2,500 meters have been surveyed in McLeod and other deeper opportunities in the area are being accumulated. Arcan anticipates drilling three prospects in this area in 2008 including one 50% non-operated well.

Deer Mountain

Arcan recently pad drilled three wells in the northern end of the field in Deer Mountain. The first well is now on-stream, and the other two wells are currently undergoing equipping operations. Rates from these wells are expected to be limited, awaiting pressure response from current and future proposed injection. Conversion of an existing well to an injector or drilling of an injection well offsetting these recently drilled wells is planned for 2008.

An additional five well program in another part of the pool is scheduled for the second half of 2008. These wells are offsetting one of the best wells in the pool in terms of net pay and are targeting the reef edge which was identified on 3-D seismic. If successful, these wells are expected to increase both original oil in place and recoverable reserves.

In Deer Mountain, pressure maintenance remains the key to maximizing asset potential. It is expected that continuous injection of water will ultimately facilitate higher pool production rates.

Production has been lower at Deer Mountain for the following reasons:

- 1) Water injection has not yet offset past voidage in the northern part of the pool;
- 2) A prolific well was converted to a water injection well during the year;
- 3) Delays in commencing water injection during 2007 due to delays in obtaining surface rights to construct water injections lines;
- 4) Continuing issues with an electric submersible pump installed in one of the more prolific wells; and
- 5) Recently drilled wells have taken longer than expected to come on-stream and rates from these new wells are expected to be limited until water injection increases the pool pressure.

Arcan has been injecting over 1,000 barrels of water per day into the pool over the last couple of months. Some pressure response has been observed but it has not been significant at this point. One well in the northern tip of the pool has approximately a 20% water cut by virtue of past injection by another operator in the unit to the north and none of the other producing wells have any notable water cut. Arcan has over 1,200 barrels of water available for injection and another source well is ready to drill if further water is required. Arcan expects that the rates in Deer Mountain will increase as water injection continues.

There are numerous analogies for the successful implementation of waterfloods in the Swan Hills reef complex and Arcan remains confident regarding the favourable economics of the development of this pool. Arcan's Deer Mountain property contains a large inventory of low risk development infill oil wells with high reserve impact and high net backs. An additional 29 locations have been surveyed or are in the process of being surveyed. Based on existing spacing and allowable spacing, Arcan expects to have several years of development drilling inventory in the Deer Mountain area.

Budget, Capital and Strategy

Arcan invested approximately \$14 million of capital in the fourth quarter of 2007 and exited the year with approximately \$25 million in debt and working capital. Arcan anticipates spending capital within cash flow for the balance of 2008. Arcan is budgeting \$20 million in capital spending for 2008 which would be achievable with approximately 1,600 boe per day of production at a \$25.00 per boe corporate netback and assuming an increase in bank line to \$30,000,000 from \$25,000,000. This program features drilling eight wells in Deer Mountain, three in McLeod and two in Hamburg. Ultimately, both the timing of GPP status on the remaining Hamburg wells and pressure response in Deer Mountain have a significant impact on Arcan's 2008 production profile.

With significant investments in infrastructure in place, Arcan now looks to take advantage of its deep development inventory to continue to add asset value per share. The Company remains focused as it looks forward to the balance of 2008, as pressure maintenance and further drilling is expected in Deer Mountain, production from a waterflood in Hamburg is online and exploration activity continues in our McLeod area.

Arcan is able to re-allocate capital expenditures within its 3 core areas among exploration and development drilling for both oil and/or natural gas. Arcan has a large inventory of infill oil locations with low risk profiles, high reserve potential and high operating netbacks. Additional historical information regarding Arcan Resources Ltd. is 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 January 14, 2008 Arcan had 36,491,555 common shares, 598,631 Warrants, 1,500,000 performance warrants, 6,550,400 performance shares (convertible into a maximum of 1,335,000 shares) and 3,422,500 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 of natural gas to one barrel of oil (i.e., 6 Mcf: 1 bbl). 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 is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

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, activities of operators and other industry partners, the availability of personnel and equipment, 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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