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**ARCAN RESOURCES LTD.  
NEWS RELEASE**

**ARCAN ANNOUNCES REPLACEMENT OF EMPLOYEE STOCK OPTIONS**

**CALGARY, Alberta – October 2, 2008** – Arcan Resources Ltd. ("**Arcan**" or the "**Corporation**") (TSXV: ARN) announced today that in order to facilitate employee retention Arcan has entered into agreements to cancel options to purchase an aggregate of 577,000 common shares held by certain non-executive employees of the Corporation and to terminate the stock option agreements with such non-executive employees. Immediately subsequent to the cancellation of such options, the Corporation granted to the same employees the same number of options to purchase an aggregate of 577,000 common shares of the Corporation, exercisable at a price of \$1.75 per share for a period of five years and vest in equal thirds on the first, second and third anniversaries following the date of issuance. After the grant of such options, the Corporation has 130,856 common shares available for issuance under its stock option plan.

The cancellation and issuance of such options described above is subject to the approval of the TSX Venture Exchange.

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.

**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. 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 expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events and conditions. 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. As a result, 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.

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

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