

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

CALGARY, Alberta, Canada, November 21, 2007 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Company"), is pleased to announce September 30, 2007 financial and operating information.

THIRD QUARTER 2007 HIGHLIGHTS

- ☆ Achieved operating netbacks of \$41.49 per boe (revenue of \$65.01 per boe and operating expenses of \$9.40 per boe);
- ☆ The Company's year over year production for the three months ended September 30, increased by 198% to 1,304 boe per day;
- ☆ Purchased an additional 3.5% interest in the Deer Mountain Unit #2;
- ☆ Commenced water injection and acquired operatorship of a battery in Hamburg;
- ☆ Capital program expanded through acquisitions in Deer Mountain and the Hamburg facility; and
- ☆ Raised \$10.4 million by means of an equity financing.

FINANCIAL AND OPERATING SUMMARY

	Three Months Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
Financials (\$000s except per share amounts)				
Oil and NGL sales	6,452	1,487	15,313	4,080
Natural gas sales	<u>1,344</u>	<u>775</u>	<u>4,953</u>	<u>3,699</u>
Total petroleum and natural gas revenue	7,796	2,262	20,266	7,779
Funds from operations	3,981	1,060	8,760	3,748
Per share basic	0.12	0.04	0.28	0.22
Per share diluted	0.11	0.04	0.28	0.22
Net income (loss)	152	(187)	(779)	(1,462)
Per share basic	0.00	(0.01)	(0.02)	(0.09)
Per share diluted ¹	0.00	(0.01)	(0.02)	(0.09)
Capital expenditures ²	11,500	23,406	41,039	44,463
Net debt	(14,585)	(12,031)	(14,585)	(12,031)
Operating, General and Administrative (G&A)				
Production:				
Crude oil (bbls per day)	929	221	800	207
Natural gas (mcf per day)	<u>2,246</u>	<u>1,303</u>	<u>2,384</u>	<u>1,868</u>
Total (boe per day) (6:1)	1,304	438	1,197	518
Average realized price:				
Crude oil (\$ per bbl)	75.47	73.07	70.15	72.13
Natural gas (\$ per mcf)	<u>6.51</u>	<u>6.47</u>	<u>7.61</u>	<u>7.26</u>
Combined average (\$ per boe)	65.01	56.10	62.02	54.96
Netback (\$ per boe)				
Petroleum and natural gas sales	65.01	56.10	62.02	54.96
Royalties	14.12	11.40	14.88	13.29
Operating and expenses	<u>9.40</u>	<u>5.92</u>	<u>9.04</u>	<u>5.88</u>
Operating netback	41.49	38.78	38.10	35.79
G&A expenses	6.02	14.29	9.44	10.38
Interest expense (income)	<u>2.26</u>	<u>(1.79)</u>	<u>1.85</u>	<u>(1.08)</u>
Corporate netback	33.21	26.28	26.81	26.49
Common Shares (000s)				
Shares outstanding, end of period	36,471	24,858	36,471	24,858
Weighted average basic shares outstanding	33,744	24,715	31,472	17,174
Weighted average diluted shares outstanding	36,370	24,715	31,472	17,174

- 1 In computing the net income (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 \$11.5 million for the quarter and \$32.6 for the nine month period, as well as acquisition additions.

Overview

Since the second quarter of 2007, Arcan has increased water injection and acquired additional interests in Deer Mountain, commenced water injection and acquired operatorship of a battery in Hamburg and has drilled one well in McLeod. Arcan invested \$11.5 million of capital in the third quarter of 2007.

Arcan achieved production growth of 198% to an average of 1,304 boe per day in the third quarter of 2007 from an average of 438 boe per day in the third quarter of 2006 and up slightly from 1,294 boe per day in the second quarter of 2007. Two wells (1.0 net) in Hamburg remain under maximum rate limitation ("MRL") guidelines of approximately 100 boe (50 net) per day each. The water source well and all weather road were completed during the quarter and subsequently the injector well was converted, water injection commenced and Arcan acquired control and operatorship of the Hamburg battery. In Deer Mountain, production in the third quarter of 2007 stayed level with production from the second quarter. Arcan expects that the rates in Deer Mountain will increase as water injection commences and three new wells are placed on production. During the third quarter Arcan converted one older producing well to a water source well and converted one producing well in the northern portion of the pool to an injector well.

Arcan's operations in the third quarter of 2007 resulted in an average operating netback (defined as revenue; less royalties and operating expenses on a per boe basis) of \$41.49 per boe. Funds from operations grew by 276% to \$4.0 million in the third quarter of 2007 from \$1.1 million in the third quarter of 2006 and increased from \$3.0 million in the second quarter of 2007 primarily as a result of increased volumes and prices. This translated to a net income of \$0.2 million in the third quarter of 2007 as compared to a net loss of \$0.2 million in the third quarter of 2006 and a \$0.4 million net loss in the second quarter of 2007.

Arcan's bank line, based on the December 31, 2006 reserve report, has remained at \$25.0 million and management expects that Arcan will be conservatively leveraged 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 and the first quarter of 2008, as completions and further drilling is expected in Deer Mountain, and development drilling as well as exploratory drilling commence in Hamburg. 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. Arcan is utilizing this period of reduced activity to accumulate land positions on some deeper exploration targets in and around the McLeod area.

Enhanced recovery schemes require investment of up-front capital. Successful water injection operations in both Hamburg and Deer Mountain were major milestones, leading to increased recoveries and ultimately significantly enhanced reserves and net asset value. 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.

Updated impact of the New Royalty Framework for Alberta

On October 25, 2007 the Alberta Government released the New Royalty Framework for Alberta ("NRF") with a proposed effective date of January 1, 2009. There remains a number of significant outstanding uncertainties and interpretation issues however, to assess the impact of the NRF Arcan engaged its independent reserves engineers, GLJ Petroleum Consultants ("GLJ"), to amend Arcan's December 31, 2006 reserve report under the NRF. As a result, the new reserve regime is expected to have approximately a 7% negative impact on Arcan's reserves value (based on the pre-tax 10% discount factor net present value of proved plus probable reserves) and approximately a 11% negative impact on 2009 operating cash flow. In our previous press release, dated November 12, 2007, Arcan had incorrectly calculated the reserves impact at 10% with a 14% impact on 2009 operating cash flow. The reports that had been used were not comparable and so this information has now been updated.

Arcan will continue to target a recycle ratio of two times or greater (defined as average operating netback divided by FD&A costs) within the NRF. 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 but high reserve potential and high operating netbacks. Low risk/high netback oil drilling of the nature of Arcan's is less affected by the NRF than higher risk exploratory oil drilling. The majority of Arcan's exploration targets are gas prone at depths of approximately 3,000 meters. This deeper gas drilling will benefit from the incentives proposed in the NRF and is economic within the current low gas price environment. As well, during the past year Arcan has identified over six drilling prospects in British Columbia in areas which complement its existing core area and where Arcan's technical staff has many years of experience. One of these prospects is already in the drill ready stage.

Hamburg

On November 1, 2007 Arcan acquired operatorship and a 50.25% working interest in the oil battery which services the oil wells in the Slave Point GG Pool. The consideration for this acquisition was Arcan's agreement to carry this partner for its 49.75% share of the costs of implementing a water injection program at Hamburg. The water injection work program consisted of drilling and completing a water source well, re-completing an existing well as a water injection well, installing injection and water handling facilities and building an all-weather road to the injection site. Arcan had drilled the source well in March 2007, completed the all weather road in the third quarter and finalized completion operations in September 2007. In October 2007, Arcan installed the injection equipment and recompleted the existing well to an injector with water injection commencing on October 28, 2007. With injection rates exceeding voidage replacement requirements, Arcan expects approval from the Alberta Energy and Utilities Board ("EUB") to include the two additional wells drilled last winter into the area of the Enhanced Recovery Scheme ("EOR"). If approved, these wells would have Good Production Practices ("GPP") status, increasing productivity limits from current maximum rate limits of approximately 100 (50 net) boe per day per well.

Arcan plans to continue development of the Slave point GG pool this winter by drilling three to four additional producing wells and one or two additional water injection wells. The first development well to be drilled this winter is within the boundaries of the currently defined EOR and is expected to have GPP status at the outset. Plans to modify the current battery and pipeline capacity from approximately 1,800 boe per day to 3,500 boe per day are also underway.

One of the exploration prospects that Arcan plans to drill in Hamburg this winter is potentially oil bearing, however, the Hamburg basin itself is approximately 90% gas prone. Arcan's gas targets are at depths of approximately 3,000 meters providing benefits from the proposed royalty incentives for deep gas drilling. Although Arcan has four exploratory targets ready for drilling this winter the number and working interest is yet to be finalized and will be based on success and capital budgets.

Arcan's technical staff has also worked extensively on the British Columbia side of the Hamburg Slave Point reef trend and have identified six exploration prospects in British Columbia. One of these prospects is in the drill ready stage with land acquired and the initial location surveyed. This prospect is believed to have up to three additional follow-up locations on Arcan lands.

Arcan's management is currently analyzing the timing of the drilling of the exploration wells in the Hamburg area and working interest levels in these wells.

McLeod

In early September 2007, Arcan drilled and cased one (1.0 net) Gething natural gas well at McLeod at a measured depth of approximately 2,432 meters. Arcan is currently tying this well in and expects that production will commence by December 1, 2007. 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 is reviewing gas drilling at McLeod in light of the recently announced changes to the royalty framework in Alberta and will consider further opportunities generated through the related shallow rights reversion proposed as part of the new royalty program.

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 water flood and tertiary recovery schemes. To date, Arcan has fracture stimulated some existing oil wells, reworked existing water injection wells, drilled new oil wells and two new water injection wells, 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 9% 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 CO₂ 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 has recently drilled three wells off one pad in Deer Mountain. Completion of the first of the three wells has commenced. The drill and case costs of these wells is more than 30% below last year because of efficiencies and lower service costs. This program is a follow-up to the development well drilled in March 2007 which resulted in a well with initial rates in excess of

250 barrels per day of light sweet oil. An additional five well program is scheduled for the first half of 2008.

Pressure maintenance via water injection is essential to maximize recovery and maintain low decline production rates. In this regard, Arcan continues with implementation of the water injection infrastructure. Current water production and injection has been over 1,000 barrels per day, replacing voidage and building pool pressures.

Arcan considers Deer Mountain to be a "legacy asset" which is expected to produce for another 20 years or more. Arcan's Deer Mountain property contains a large inventory of low risk development infill oil wells with high reserve impact and high net backs. Within the new royalty regime these wells will continue to offer favourable economics. 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.

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 September 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 November 21, 2007 Arcan had 36,480,995 common shares, 609,191 Warrants, 1,500,000 performance warrants, 6,550,400 performance 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 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 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. 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 amount 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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