



ARCAN RESOURCES LTD. ANNOUNCES AMENDMENTS TO SYNDICATED CREDIT FACILITIES, UPDATES IN DEVELOPMENT PROGRAM AND ISSUANCE OF STOCK OPTIONS

CALGARY, Alberta, Canada, December 21, 2010 – Arcan Resources Ltd. (TSXV – "ARN") ("**Arcan**") is pleased to announce that it has completed amendments to its syndicated credit facilities (the "**Credit Facilities**") to add three new banks to its banking syndicate. Effective December 17, 2010, the Bank of Montreal, the Canadian Imperial Bank of Commerce and the Royal Bank of Canada joined Arcan's syndicate which is currently led by ATB Financial and includes the National Bank of Canada. There were no other changes to the Credit Facilities.

The Credit Facilities consist of a \$90 million syndicated revolving credit facility and a \$10 million revolving operating facility. The Credit Facilities are secured by a charge on all of Arcan's assets and include customary positive and negative covenants by Arcan in favour of the lenders.

Development Update

Arcan is currently completing and undergoing production testing of its thirteenth horizontal multi-stage fractured well at 02-02-68-9W5 (surface location) 04-02-68-9W5 (bottom hole location) in its Beverhill Lake Swan Hills reef development program. Well number 14, drilled within Deer Mountain Unit #2 is Arcan's first dual leg horizontal well and Arcan expects to complete this well early in the New Year. Well number 15 is the first horizontal well in the Morse River Unit #1 (75% interest) where there is existing production infrastructure and an approved water flood already implemented. Arcan anticipates completing this well by the early 2011. Arcan currently has two rigs drilling in its Ethel 67-8W5 100% owned lands. The performance of the twelve horizontal wells that are currently on production has reinforced Arcan's confidence in the repeatability of the play.

Stock Options

On December 10, 2010, pursuant to the provisions of its stock option plan, Arcan granted an aggregate of 1,680,000 options to acquire an equivalent number of common shares of Arcan to certain directors and officers of Arcan. The options have an exercise price of \$5.17 per share and expire on December 10, 2015. All stock option grants of Arcan are subject to receipt of the necessary regulatory and TSX Venture Exchange approvals.

About Arcan

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 87,658,779 common shares and 8,402,167 stock options outstanding.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Readers should be aware that historical results are not necessarily indicative of future performance.

Advisory Regarding Forward-Looking Information and Statements

This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information

or statements. In particular, but without limiting the foregoing, this press release contains forward-looking information and statements pertaining to the following: Arcan's future drilling program, expectations regarding drilling and completion of new wells and expanding facilities, expectations and assumptions concerning success of future exploration and development activities and the performance and viability of new wells.

The forward-looking information and statements contained in this press release reflect several material factors and expectations and assumptions of Arcan including, without limitation: that Arcan will continue to conduct its operations in a manner consistent with past operations; that the production from new wells will be comparable to the results realized from Arcan's existing horizontal wells, the general continuance of current or, where applicable, assumed industry conditions; availability of debt and/or equity sources to fund Arcan's capital and operating requirements as needed and on terms acceptable to Arcan; the continuance of existing and, in certain circumstances, proposed tax and royalty regimes; the accuracy of the estimates of Arcan's reserve volumes; and certain commodity price and other cost assumptions. Arcan believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information and statements included in this press release are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements including, without limitation: changes in commodity prices; unanticipated operating results or production declines; changes in tax or environmental laws or royalty rates; increased debt levels or debt service requirements; inaccurate estimation of Arcan's oil and gas reserves volumes; limited, unfavorable or no access to debt or equity capital markets; increased costs and expenses; the impact of competitors; reliance on industry partners; and certain other risks detailed from time to time in Arcan's public disclosure documents including, without limitation, those risks identified in this press release, and in Arcan's Annual Information Form for the year ended December 31, 2009, a copy of which is available on Arcan's SEDAR profile at www.sedar.com.

The forward-looking information and statements contained in this press release speak only as of the date of this press release, and Arcan does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

For further information, please contact either:

Ed Gilmet
Chief Executive Officer and President
egilmet@arcanres.com

Douglas Penner
Chief Financial Officer & Vice President, Finance
dpenner@arcanres.com

Arcan Resources Ltd.
Suite 3200, 450 – 1st Street S.W.
Calgary, AB T2P 5H1
Telephone (403) 262-0321

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