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**ARCAN RESOURCES LTD. ANNOUNCES SUCCESSFUL RESULTS FROM ITS FIRST HORIZONTAL MULTI-STAGE FRACTURE WELL, A SIGNIFICANT ASSET AND LAND ACQUISITION AND RELATED EQUITY FINANCING**

CALGARY, Alberta, Canada, February 19, 2010 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Company") is pleased to report initial test results from its first horizontal multi-stage fracture well in its Deer Mountain Unit #2 (the "Unit") as well as an agreement to acquire approximately 81 net sections of offsetting lands with production of approximately 500 boe per day and a related equity financing.

**The Deer Mountain Unit #2 12-29-68-8W5 Horizontal Multi-Stage Fracture Well:**

The well was drilled to a vertical depth of 2,450 meters into the Beaverhill Lake carbonate reservoir with a horizontal leg of 1,165 meters. The horizontal section was successfully completed using 10 separate, 60 cubic meter 28% hydrochloric acid fracture stimulation treatments. Arcan has been production testing the well to establish the productivity of the well and to recover the spent acid from the formation. Arcan is pleased to announce that after 10 days of testing, it has been established that the well has a productive capacity at the end of the test in excess of 600 barrels per day of 40 API light sweet oil. Arcan is presently tying the well to its existing Arcan operated oil pipeline and production facility and will continue to monitor the well closely for longer term productivity. Arcan sees this well as a significant step forward in the continuing process of accelerating production and reserve capture under the existing ERCB approved Enhanced Oil Recovery Scheme for the Unit.

This well represents a shift in the exploitation of the Swan Hills reef complex. Arcan intends to rapidly realign its development plans from drilling economic vertical producers to drilling highly productive horizontal producers. The 12-29 well presently exhibits productive capability of up to 8 times that of an average vertical producer at only two times the cost. The horizontal drilling and multi stage fracture completion capital along with associated equipment and tie in costs is expected to be approximately \$4.7 million. Arcan already has existing operated pipelines and facilities in place to accommodate 4,000 barrels per day with room for expansion.

The initial test results from Arcan's first horizontal well combined with the reservoir parameters of the Swan Hills reef complex validate the Company's belief that it has acquired a significant land position in the next emerging horizontal light oil resource play. This first well demonstrates the potential that the multi-stage fracture technology is expected to have on the revival of the Swan Hills reef complex and the ability to further enhance the recovery of the large volume of original oil in place.

Details regarding the Deer Mountain Unit #2:

- Arcan's first horizontal multi stage fracture well exceeded 600 bbls per day.
- Arcan owns an 81% interest in 9.5 sections in the Unit lands and facilities.
- Arcan operates the Unit, which is now under waterflood.
- The Unit produces long reserve life premium-priced sweet light oil.
- Facilities have 4,000 bbls per day of capability.
- GLJ Petroleum Consultants Ltd. ("GLJ") estimates, based on the December 31, 2008 year end reserve report that there has been only a 9% recovery to date of the approximately 39 million boe of original oil in place or 4.2 million boe per section on the Unit.
- Arcan estimates that a further 20 or more horizontal multi-stage fractured wells can be drilled on the Unit lands, and prior to completing the acquisition described below, owns interests (30-100%) in the approximately 60 gross (33.9 net) sections of land immediately adjacent and to the south of its existing infrastructure in the Unit.
- Other units in the Swan Hill complex have recovered up to 40% of the oil in place and are planned to be injected with carbon dioxide, which management believes could take recoveries to 60% or more.
- A horizontal multi-stage well has just been drilled by a competitor in an adjoining section.

#### **The Swan Hills Land and Production Acquisition:**

Arcan has entered into an agreement to purchase interests in 102 gross (81 net) sections of land with approximately 500 boe per day of existing production, for a cash purchase price of \$53.25 million. An important part of the acquisition is the 102 gross (81 net) sections of undeveloped lands included in the acquisition, which are adjacent to our existing land base. Arcan intends to finance the purchase price of the acquisition through the proceeds of the equity financing described below as well as increased banking facilities. The acquisition is subject to customary closing conditions, including acceptance of the transaction by the TSX Venture Exchange. If all conditions are satisfied, then the closing of the acquisition is anticipated to occur on or about March 31, 2010.

Highlights of the acquisition lands and production:

- Operated, 500 boe/d premium-priced sweet light oil.
- Arcan, after closing the acquisition, will own a consolidated 100% interest in over 70 sections of land immediately adjacent and to the south of its existing infrastructure. Arcan estimates that 100+ horizontal multi-stage fractured wells can be drilled on these lands.
- Arcan's land base extends over 15 miles north/south along the Swan Hills reef trend. Various portions of the land has already been proven productive with vertical wells but will now be developed using the new horizontal well multi stage fracture technology.

#### **Private Placement Equity Financing:**

Arcan has entered into an engagement agreement with a syndicate of investment dealers led by Haywood Securities Inc. and including Wellington West Capital Markets Inc., Paradigm Capital Inc., and

Macquarie Wealth Management (collectively, the "Agents") pursuant to which the Agents have agreed to use their commercially reasonable efforts to complete a private placement offering (the "Offering") of subscription receipts ("Subscription Receipts") to raise proceeds of a minimum of \$30 million and a maximum of \$50 million. The offering price of the Subscription Receipts will be determined in the context of the market. Each Subscription Receipt will entitle the holder to receive, without payment of additional consideration, one common share of Arcan (a "Share") on the exercise or deemed exercise of the Subscription Receipt.

All unexercised Subscription Receipts will be deemed to be exercised on the fifth business day after the later of: (i) the date a receipt is issued by the securities regulatory authorities for a final short form prospectus qualifying the Shares issuable upon the exercise of the Subscription Receipts (the "Qualification"); and (ii) the closing by the Company of the acquisition described above. The gross proceeds from the Offering will be held in escrow with an escrow agent and will not be released to the Company until the Qualification has been met and concurrently with the closing of the acquisition. If the gross proceeds and interest have not been released to the Company on or before 11:59 p.m. on March 31, 2010, the gross proceeds and interest will be returned by the escrow agent to the holders of the Subscription Receipts. The Company has agreed to use its reasonable commercial efforts to file and obtain a receipt for a final prospectus qualifying the distribution of the Shares issuable upon the exercise or deemed exercise of the Subscription Receipts in each of the provinces of Canada other than Quebec on or before March 31, 2010.

Completion of the Offering will be subject to the successful marketing of the Offering, satisfactory due diligence by the Agents and other customary closing conditions including the receipt of all necessary regulatory approvals and the approval of the TSX Venture Exchange. The Offering is expected to close on or about March 24, 2010.

**These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state, and may not be offered or sold in the United States unless an exemption from registration is available. This press release does not constitute an offer to sell or the solicitation of an offer to buy these securities in the United States.**

#### **Deer Mountain / Swan Hills - The Consolidated Outlook:**

The initial production of this one horizontal well increases the productive capacity of the Unit from 800 bbls per day to over 1,400 bbls per day. The expected repeatability of the horizontal drilling and multi-stage fracturing technology is expected to convert the Deer Mountain play from a long life light oil legacy resource play to a significant growth opportunity. The upside translates to hundreds of potential proven drilling locations on approximately 150 sections of lands.

The 4,000 bbls per day battery and centralized water injection facilities will allow Arcan to implement an expanded field-wide waterflood to support the expected significant growth in production. Successful application of the horizontal drilling in the Unit and extensive drilling opportunities outside of the Unit on Arcan's largely undeveloped lands along the reef, could provide significant net asset value appreciation to Arcan's shareholders for many years to come.

## **Deer Mountain / Swan Hills Future:**

- After the acquisition, Arcan will hold interests in approximately 150 gross (140 net) sections of land on this play including a 100% interest in the 70 sections of land immediately adjacent and to the south of its existing infrastructure.
- Development is anticipated to result in up to 3 or more producing wells and 1 or more injection wells per section.
- Operated, high working interest, premium-priced sweet light oil with a very long reserve life.
- Other offsetting lands operated by other companies have recovered over 40% of the oil in place and are to be injected with CO<sub>2</sub> which could take recoveries to 60%.
- Arcan's land base extends over 15 miles north/south along the Swan Hills reef trend. Various portions of the land has already been proven productive with vertical wells but will now be developed using the new horizontal well multi stage fracture technology.

Arcan is continuing its drilling program and intends to move a second rig into the play to drill through the spring breakup period.

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 48,190,060 common shares, 586,631 warrants, 500,000 performance options, and 4,624,500 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.*

BOE Presentation – Production and reserve 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. Readers should be aware that historical results are not necessarily indicative of future performance.

Please refer to the "Abbreviations and Conversions" in the AIF dated April 3, 2009 for the year ended December 31, 2008, and available on SEDAR, for meanings of certain abbreviations used in this press release.

Finding and Development Costs – The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserves additions for that year.

## **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", "guidance", "objective", "ongoing", "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: (i) with respect to the anticipated closing dates of the acquisition and Offering, expectations and assumptions concerning timing and receipt or required regulatory approvals and third party consents and the satisfaction of other conditions to the completion of the acquisition and the Offering, and (ii) with respect to the anticipated exploration and development opportunities, anticipated recovery factors, anticipated capital expenditures and anticipated average and exit rates of production, expectations and assumptions concerning success of future exploration and development activities, the performance of existing wells, the performance of new wells and prevailing commodity prices.

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; 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; 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: the failure to obtain necessary regulatory approvals or satisfy the conditions to closing the acquisition and the offering, 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, 2008, copies of which are available on Arcan's SEDAR profile at [www.sedar.com](http://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.

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