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**ARCAN ANNOUNCES A 67% INCREASE IN RESERVES VOLUMES  
AND A 65% INCREASE IN RESERVES VALUE**

Calgary, Alberta, Canada, November 7, 2011 – Arcan Resources Ltd. (TSXV – "ARN") ("**Arcan**" or the "**Corporation**") announces the results of an independent reserves evaluation prepared by GLJ Petroleum Consultants ("**GLJ**"), Arcan's independent qualified reserves evaluator, for 100% of Arcan's oil and gas properties (the "**GLJ Update Report**"). The GLJ Update Report, effective September 30, 2011, was prepared in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**") and the COGE Handbook and is dated November 4, 2011.

In accordance with the updated information provided by the GLJ Update Report, Arcan is pleased to report a current estimated net asset value ("**NAV**") of \$7.17 per share as at October 7, 2011 (after including the shares and debentures issued and the related proceeds from the October 7, 2011 financing), up from \$5.56 per share at December 31, 2010 based on reserves of 35.2 million barrels of oil equivalent ("**MMBOE**") and a \$773 million net present value at September 30, 2011 (total proved plus probable ("**P+P**") 10% discounted).

**Highlights:**

- Estimated NAV of \$7.17 per share up from \$5.56 per share at December 31, 2010. Pursuant to the GLJ Update Report, reserves were recorded on approximately 57 sections of land in the Swan Hills area – leaving Arcan with approximately 114 sections of land with no reserves yet recorded on them.
- \$773 million net present value of future net revenue of working interest total P+P reserves before tax at 10% discount rate up 65% from \$468 million posted as at December 31, 2010.
- 35.2 MMBOE total P+P reserves, as at September 30, 2011, representing 67% growth in 2011 versus 21.1 MMBOE total P+P reserves as at December 31, 2010.
- 19.7 MMBOE total proved reserves, as at September 30, 2011, representing 42% growth in 2011 versus 13.8 MMBOE total proved reserves as at December 31, 2010.
- The GLJ Update Report included 66.3 net proved producing wells in the Swan Hills area with a total of 151.4 net total P+P well locations booked at September 30, 2011. Future capital has increased by \$211 million to \$411 million in the GLJ Update Report since December 31, 2010.
- Arcan's reserves are 94% light oil and NGLs.

## Arcan's Swan Hills Beaverhill Lake Asset

Arcan is spearheading the development of the Swan Hills Beaverhill Lake reservoir. Based on waterflood recoveries of up to 40% in offsetting areas of the reef, Arcan is of the view that this has the potential to translate into recoveries over 270 MMBOE (95% light oil), with Arcan having recorded under 15% of those recoverable reserves at 35.2 MMBOE in the \$7.17 per share NAV estimate. Arcan estimates that there are over 400 drilling locations through the center of its land base and anticipates that with 171 net sections of land drilled to four wells per section, the inventory of locations could continue to show substantial growth.

### Net Asset Value

As detailed in the table below, Arcan's NAV of \$7.17 per diluted share (on the basis of total P+P reserves discounted at 10% at September 30, 2011) has increased by 28% over the \$5.56 per diluted share reported at December 31, 2010. As at the date of this release, Arcan estimates that it has invested \$175 million and grown the present value of the Corporation's reserves by \$305 million (total P+P PV 10) in 2011. Arcan's 2011 expenditures to date include its acquisition of Stimsol Canada Inc. ("Stimsol") on September 13, 2011. Arcan anticipates total capital expenditures for 2011 of \$225 million and, as at October 7, 2011, estimates that it has \$25.0 million in positive working capital, \$171.3 million in outstanding debentures and \$120 million of available bank lines, leaving Arcan with approximately \$145.0 million of available capital capacity.

<u>Net Asset Value</u>	<u>October 7, 2011</u>	<u>December 31, 2010</u>	<u>December 31, 2009</u>
(\$000s except number of shares and per share)	<u>(P+P discounted at 10%)</u>	<u>(P+P discounted at 10%)</u>	<u>(P+P discounted at 10%)</u>
Present value of reserves	773,150 <sup>(1)</sup>	467,917	176,410
Undeveloped acreage (\$1,000 per acre)	74,000	81,600	10,220
Stimsol Canada Inc. – Arcan subsidiary	24,000	-	-
Seismic	-	1,200	600
Net Debt (Including working capital, bank debt and all outstanding debentures at face value)	(145,000)	(48,592)	(34,779)
Dilution proceeds <sup>(2)</sup>	<u>36,259</u>	<u>32,052</u>	<u>2,745</u>
Estimated value	762,409	534,177	155,196
Shares (thousands) <sup>(2)</sup>	<u>106,322</u>	<u>96,061</u>	<u>50,331</u>
Estimated NAV \$ per diluted share <sup>(1)</sup>	7.17	5.56	3.08

#### Notes:

- (1) Reserves used as basis for October 7, 2011 NAV calculation are as at September 30, 2011 as evaluated by GLJ in the GLJ Update Report.
- (2) Share figures for 2011 include all dilutive securities namely: 97,625,946 common shares and all outstanding 8,696,333 stock options at their average exercise price of \$4.17 per share. Share figures for 2010 include all dilutive securities namely: 87,670,446 common shares and 8,390,500 stock options that are in the money at their average exercise price of \$3.82 (these were all dilutive securities exercisable below the \$5.45 December 31, 2010 share trading price). For 2009, share figures include 47,940,060 common shares; 750,000 performance warrants exercisable at \$1.00 per share; and 1,641,000 stock options that are in the money at their average exercise price of \$1.23 (these were all dilutive securities exercisable below the \$1.45 December 31, 2009 share trading price).

The NAV calculations provided above are presented for October 7, 2011, December 31, 2010 and December 31, 2009 and incorporate estimates that may not be comparable year-over-year and are only at one point in time. An independent evaluation was performed on Arcan's reserves; however, the land values, the Stimsol valuation, and the seismic values used are based on Management estimates. Arcan's net debt (including working capital, bank debt plus all debentures) is estimated and unaudited at October 7, 2011 and from the December 31, 2010 and December 31, 2009 financial statements. Stimsol's value is based on the \$24 million cost of the acquisition which closed on September 13, 2011 and Arcan's undeveloped acreage value is estimated utilising the same amount per acre as was used at December 31, 2010, which was \$1,000 per undeveloped acre. Dilution proceeds are computed by taking the outstanding

stock options at their respective dates multiplied by their exercise prices. Readers are cautioned that this presentation does not reflect all aspects of the Corporation. Reserve estimates are derived from the reports from our independent qualified reserves evaluator. The increase in NAV is primarily attributable to the impact of the Corporation's new horizontal multi-stage fracture wells in the Swan Hills reef play.

### Swan Hills Horizontal Multi-Stage Fracture Well Summary – Net wells to November 7, 2011

	<u>Drilled</u>	<u>Completed to November 7, 2011</u>	<u>Older Horizontal re-entry multi stage fractured wells</u>	<u>Wells on-stream or testing</u>
2010	17.0	12.0	1.0	13.0
2011	27.0	24.0	2.0	26.0
Total	44.0	36.0	3.0	39.0

### Summary of Oil and Gas Reserves – Forecast Prices and Costs

The table below provides a summary of the oil, NGLs and natural gas reserves attributable to Arcan as at September 30, 2011. As the tables below summarize the data contained in the GLJ Update Report they may contain slightly different numbers than those contained in the original report due to rounding. Also due to rounding, certain columns may not add exactly. Readers should review the definitions and information contained in "Presentation of Arcan's Oil and Gas Reserves" and "Abbreviations" in Arcan's annual information form for the year ended December 31, 2011 in conjunction with the following table and notes. All of Arcan's reserves are on-shore in Canada.

Reserves Category	<u>Light &amp; Medium Oil</u>		<u>Natural Gas Liquids</u>		<u>Natural Gas<sup>(1)</sup></u>		<u>Total</u>	
	<u>Gross<sup>(2)</sup> (Mbbls)</u>	<u>Net<sup>(3)</sup> (Mbbls)</u>	<u>Gross<sup>(2)</sup> (Mbbls)</u>	<u>Net<sup>(3)</sup> (Mbbls)</u>	<u>Gross<sup>(2)</sup> (MMcf)</u>	<u>Net<sup>(3)</sup> (MMcf)</u>	<u>Gross<sup>(2)</sup> (Mbbls)</u>	<u>Net<sup>(3)</sup> (Mbbls)</u>
Proved								
Developed Producing	7,827	5,560	387	238	3,790	3,092	8,846	6,314
Developed Non-Producing	445	336	21	15	191	163	498	378
Undeveloped	9,363	7,617	387	295	3,421	3,002	10,320	8,412
<b>Total Proved</b>	<b>17,636</b>	<b>13,513</b>	<b>794</b>	<b>547</b>	<b>7,403</b>	<b>6,256</b>	<b>19,664</b>	<b>15,103</b>
<b>Total Probable</b>	<b>14,084</b>	<b>10,502</b>	<b>608</b>	<b>430</b>	<b>5,344</b>	<b>4,667</b>	<b>15,582</b>	<b>11,709</b>
<b>Total P+P</b>	<b>31,720</b>	<b>24,015</b>	<b>1,402</b>	<b>977</b>	<b>12,747</b>	<b>10,924</b>	<b>35,246</b>	<b>26,812</b>

**Notes:**

- (1) Estimates of reserves of natural gas include associated and non-associated gas.
- (2) "Gross Reserves" are Arcan's working interest share of remaining reserves before the deduction of royalties.
- (3) "Net Reserves" are Arcan's working interest share of remaining reserves less all Crown, freehold, and overriding royalties and interests owned by others.

### Net Present Value of Future Net Revenue – Forecast Prices and Costs

Reserves Category	<u>Net Present Value of Future Net Revenue<sup>(1)</sup></u>				
	<u>Before Income Taxes – Discounted at (%/yr)</u>				
	<u>0 (MM\$)</u>	<u>5 (MM\$)</u>	<u>10 (MM\$)</u>	<u>15 (MM\$)</u>	<u>20 (MM\$)</u>
Proved					
Developed Producing	399.6	296.0	238.7	202.4	177.3
Developed Non-Producing	28.3	21.7	17.8	15.4	13.7
Undeveloped	441.4	294.7	208.4	153.0	115.1
<b>Total Proved</b>	<b>869.4</b>	<b>612.4</b>	<b>464.9</b>	<b>370.8</b>	<b>306.1</b>
<b>Total Probable</b>	<b>812.5</b>	<b>464.9</b>	<b>308.2</b>	<b>223.6</b>	<b>171.5</b>
<b>Total P+P</b>	<b>1,681.9</b>	<b>1,077.3</b>	<b>773.2</b>	<b>594.4</b>	<b>477.6</b>

**Notes:**

- (1) Net present value of future net revenue includes all resource income: sale of oil, gas, by-product reserves; processing of third party reserves; and other income. Calculated using net present value of future net revenue before deducting income taxes, discounted.

GLJ employed the following pricing, exchange rate and inflation rate assumptions as of October 1, 2011, in the GLJ Update Report in estimating reserves data using forecast prices and costs<sup>(1)</sup>:

Year	Inflation	Medium and Light Crude Oil			Natural Gas		Exchange Rate (US\$/Cdn)
		WTI Cushing Oklahoma 40° API (US\$/bbl)	Edmonton Par Price 40° API (\$/bbl)	Cromer Medium 29.3° API (\$/bbl)	Alberta Gas Reference Price Plant Gate (\$/MMBTU)	AECO - C Spot (\$/MMBTU)	
2010 (actual)	1.8	79.52	77.87	73.76	3.93	4.17	0.971
2011 (actual YTD)	2.9	93.64	94.16	86.76	3.58	3.84	1.012
2011 (Q4)	2.0	85.00	91.84	84.49	3.63	3.90	0.980
2012	2.0	90.00	94.39	86.84	4.03	4.36	0.980
2013	2.0	95.00	96.94	89.18	4.25	4.59	0.980
2014	2.0	100.00	101.02	91.93	4.70	5.05	0.980
2015	2.0	100.00	101.02	91.93	5.14	5.51	0.980
2016	2.0	100.00	101.02	91.93	5.58	5.97	0.980
2017	2.0	101.36	102.41	93.19	6.02	6.43	0.980
2018	2.0	103.38	104.47	95.07	6.44	6.86	0.980
2019	2.0	105.45	106.58	96.99	6.57	7.00	0.980
2020	2.0	107.56	108.73	98.95	6.70	7.14	0.980

**Note:**

(1) All pricing in the above table, excluding inflation and the exchange rate, is escalated at 2.0 percent per year after 2020.

**About Arcan Resources Ltd.**

Arcan Resources Ltd. is an Alberta, Canada corporation that is principally engaged in the development and acquisition of petroleum and natural gas located in Canada's Western Sedimentary Basin.

*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.*

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## **Legal Advisories**

*BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of six Mcf of natural gas to one bbl of oil is based on an energy equivalency conversion primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.*

*Additional information about the Corporation, including the Corporation's annual information form for the year ended December 31, 2010, is available under Arcan's profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

## **Non-GAAP Measurements**

*Readers are cautioned that this press release contains the term "net asset value" ("NAV") which Management of Arcan believes is a useful supplemental measure as it provides a measure of the potential value of the Corporation. Arcan's method for calculating NAV is detailed in this press release in the section "Net Asset Value" and may differ from that of other companies, and, accordingly, may not be comparable. This measure does not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Arcan's Management believes there is no GAAP measure that is directly comparable to the NAV calculation, although there are GAAP financial statement amounts used in the calculation that have been articulated in that section of the press release, and readers are cautioned in their use of the measure.*

## **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 "potential", "anticipate", "estimate", "may", "will" 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, among other things: estimated reserves growth; Arcan's capital capacity for the remainder of 2011; potential recoveries of over 270 MMBOE (95% light oil) in Arcan's Swan Hills land base; estimated additional drilling locations; expectations relating to Arcan's potential for future growth.*

*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 accuracy of current horizontal production data, historical well production and waterflood results in offsetting areas; the general continuance of current or, where applicable, assumed industry conditions; continuity of reservoir conditions across Arcan's Swan Hills land base; 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: assumptions respecting waterflood results and the continuity of reservoir conditions across Arcan's Swan Hills land base may prove incorrect; changes in commodity prices; unanticipated operating results or production declines; waterflood and CO<sub>2</sub> impacts; 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; for reasons currently unforeseen, the current drilling locations identified by Arcan may prove to be unsuitable or unavailable and drilling on the locations identified may not occur to the magnitude currently anticipated by Arcan or at all; 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, 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.*