



ARCAN ANNOUNCES YEAR END RESULTS AND FILING OF ITS ANNUAL FINANCIAL STATEMENTS, MD&A AND ANNUAL INFORMATION FORM

Calgary, Alberta, Canada, April 6, 2011 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Corporation") is pleased to announce the filing of its annual information form for the year ended December 31, 2010 ("AIF"). The AIF contains Arcan's Statement of Reserves Data and Other Oil and Gas Information, Report on Reserves Data by Independent Qualified Reserves Evaluator and Report of Management and Directors on Oil and Gas Disclosure required to be provided under National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* and the Canadian Oil and Gas Evaluation Handbook. In addition, to its AIF, Arcan has publicly filed its annual financial statements and management's discussion and analysis for the year ended December 31, 2010. These documents can be retrieved electronically from the SEDAR system under Arcan's profile at www.sedar.com.

2010 HIGHLIGHTS

Statistics	2010	2009	% chg
Net Asset Value per Diluted Share (\$) (P+P, PV 10)	5.56	3.08	80
Net Asset Value (\$ millions) (P+P, PV 10)	534.2	155.2	244
Reserves volumes (MMBOE) (P+P)	21.1 (94% light oil)	9.4 (89% light oil)	124
FD&A (per BOE) (P+P)	25.05	14.29	75
Production (BOE per day)	2,243	1,375	63
Swan Hills Land (acres)	96,000	31,000	210
Swan Hills horizontal wells	15	-	
Swan Hills horizontal locations	400	50	700
Funds Flow (\$ millions)	22.7	5.3	328
Available funds– including \$86M raised Feb/2011	137.7	15.2	805
Shares Outstanding (million)	87.7	47.9	83

Corporate Strategy

Solidify our identity as the leading junior oil weighted resource player on the Swan Hills trend.

- *Production increased 63 percent to 2,243 barrels of oil equivalent ("BOE") per day:* in 2010 from 1,375 BOE per day in 2009. Natural gas production declined 27 percent but was offset with an increase of 94 percent in light oil production, leaving Arcan production with a 92 percent light oil weighting at the end of 2010;
- *This play is predictable, scalable, and repeatable:* 100% drilling success, Arcan owns 150 square miles of land drillable to 4 wells per sections with a three year drilling inventory already surveyed inside of cash flow and existing debt capacity. 70 vertical pre-existing wells and a new 3D seismic delineate the play over the land base;

- Increased land and values: Arcan increased its landholdings 210 percent in 2010 and currently has approximately 96,000 net acres (38,400 hectares or 150 net sections) of land with Swan Hills Beaverhill Lake reservoir ("**Swan Hills**") potential. Prices paid for crown land adjacent to our land holdings have exceeded \$6,000/hectare (\$2,500/acre); and
- Arcan makes the TSX Venture 50[®], which are the top ten companies listed on the TSX Venture Exchange in each of five major industry sectors.

Operations Strategy

Arcan's strategy is to drill wells, increase production and prove-up reserves on our land base. We intend to utilize our infrastructure, balance drilling locations to capture reserves and maximize land continuations, production and waterflood patterns for enhanced recovery.

- Completed and tested fifteen (12.9 net) horizontal multi-stage fracture wells covering a 30 kilometre segment in Arcan's Swan Hills light 40° API sweet oil play. Subsequent to the end of the year, Arcan drilled eight (7.4 net) successful horizontal multi-stage fractured light oil wells, re-entered and multi-stage fractured one (1.0 net) existing old horizontal well is currently drilling on well number 25 in the Swan Hills play, and anticipates utilizing up to three drilling rigs during the break-up period. Estimated 20 to 25 new wells in 2011 totalling 35 to 40 horizontal multi-stage fracture wells by the end of 2011;
- Success: The Deer Mountain Unit #2 ("**the Unit**") horizontal well program and waterflood effect: 7.7 net sections of Arcan's land, being only five percent of its 150 section land base, define the Unit; currently the Unit comprises approximately 40 percent of Arcan's value and reserves. These results have been achieved even after the Unit has produced approximately four million BOE ("**MMBOE**"), highlighting the value that may be achieved through the application of a waterflood over our land base;
- Swan Hills: In addition to its wells already drilled, Arcan has estimated approximately 400 additional drilling locations in Swan Hills. To date, Arcan's reserves bookings from GLJ cover approximately 29 net sections. 11 of these 20 sections reflect only primary and no waterflood recovery. At the end of 2010, 18.7 MMBOE of recoverable reserves were recognized by GLJ. Based on extensive mapping, Arcan's Discovered Petroleum Initially in Place ("**DPIIP**") over this land is estimated by Arcan to be over 600 MMBOE with possible recoveries up to 40 percent on the Swan Hills play; and
- Reserves with a 20 year reserve life index weighted 94 percent to light oil created a 1.5 times recycle ratio on operating netbacks of \$36.36 per BOE and a \$25.05 per BOE finding, development and acquisition ("**FD&A**") costs (proved plus probable ("**P+P**") discounted at ten percent ("**PV 10**")). Arcan's reserve report recognizes future FD&A costs to be \$15 in the Swan Hills area, combined with new well netbacks of over \$75 thereby driving high recycle ratios.

Financial Strategy

Maintain a solid balance sheet and financial stability.

- Increased net asset value ("**NAV**") 81 percent to \$5.56 per diluted share: NAV per share increased to \$5.56 per diluted share at December 31, 2010 from \$3.08 per diluted share at December 31, 2009 (P+P PV 10);
- Funds from operations increased 328 percent to \$22.7 million in 2010 from \$5.3 million in 2009 translating into 129 percent per share growth from \$0.14 to \$0.32 per share as well as growth on a BOE basis from \$10.65 to \$27.78 on a year over year basis. Oil prices increased 14 percent over same period and natural gas prices increased seven percent;
- Increased credit facility and completed debenture offering: in 2010 Arcan replaced its existing \$50 million bank line of credit with a syndicated \$100 million two year banking facility (the "**Credit Facility**"). In the first quarter of 2011 Arcan raised \$86.25 million through an offering of 6.25 percent

convertible unsecured subordinated debentures due February 28, 2016 ("**Debentures**"), providing Arcan with over \$90 million in capital capacity plus cash flow after the first quarter of 2011;

- *Raised equity and closed a large acquisition:* raised \$65 million in equity and purchased 81 net sections of land in the Swan Hills play for \$52.8 million (the "**Acquisition**"), both of which closed on March 31, 2010 and raised \$50.0 million in equity in the fourth quarter of 2010 to fund the drilling of Arcan's horizontal multi-stage fracture wells in the Swan Hills play; and
- *Insurance on cash flow:* Hedged 2,000 bbls per day for all of 2011 at a \$70 floor with an approximate \$100 ceiling Canadian dollar West Texas Intermediate ("**WTI**"). Subsequent to year end Arcan hedged 1,000 barrels ("**bbls**") per day for all of 2012 at an approximate \$75 floor with an approximate \$126 ceiling Canadian dollar WTI.

2010 Year in Review

2010 was a significant year of growth for Arcan as it worked to revive and transition the nearly 60-year-old Swan Hills reef reservoir into a horizontal multi-stage fractured light oil resource play. On the drilling side, Arcan started 2010 with its first horizontal well, ended the year with 15 horizontal wells, is drilling well number 25 today and anticipates it will have a total of 35 to 40 wells by the end of 2011. Arcan estimates that there are over 400 drilling locations through the center of its land base and anticipates that with 150 sections of land drilled to four wells per section, the inventory of locations could continue to show substantial growth. Arcan is utilizing the 70 pre-existing vertical well bores on or in the vicinity of Arcan's undeveloped land base as well as a new 3D seismic program shot in the first quarter of 2011, to provide details on where to drill and what Arcan may find. In the Swan Hills area, at the beginning of the year, Arcan had 93 gross (61 net) sections of land, approximately 600 BOE per day and 6.4 MMBOE of reserves worth approximately \$123.1 million P+P PV 10). By the end of 2010 Arcan had 160 gross (150 net) sections of land, fourth quarter 2010 had 2,349 BOE per day and 18.7 MMBOE of reserves worth approximately \$428.0 million (P+P PV 10) in Swan Hills. On the financing side, Arcan ended 2010 with \$48.6 million in debt and working capital deficit on its existing \$100 million Credit Facility and Arcan estimates that at the end of the first quarter of 2011 it has approximately \$90 million in debt and working capital deficits leaving Arcan with approximately \$90 million of capital capacity plus cash flow. At the end of 2010 Arcan had \$48.6 in debt and working capital deficits on its \$100 million of bank lines. This \$51.4 million of capital capacity plus the \$86.3 million in Debentures left Arcan with approximately \$137.7 million in available funds.

Arcan believes that the results it has experienced in the Unit can be applied to the balance of Arcan's land base in the Swan Hills play. By the end of 2010, Arcan had drilled ten (8.1 net) horizontal multi-stage fractured wells covering approximately one-half of Arcan's 7.7 net sections of land in the Unit. The Unit has been on production for 50 years, produced approximately four MMBOE, and, as at the end of 2010, still made up over 40 percent of Arcan's reserves and value based on a waterflood that was started in 2007. Arcan is of the position that the Unit results depict the value of horizontal multi-stage fractured wells combined with waterflood. As the Unit covers only five percent of Arcan's 150 section land base in the Swan Hills area, Arcan has extended the multi-stage technology over Arcan's Swan Hill lands with four (3.8 net) successful horizontal wells drilled off of the Unit in 2010 plus one re-entry well and leaving Arcan with a total of 24 (22.5 net) wells to date in 2011, with one more well currently drilling. In the past few weeks Arcan has also obtained initial test from two more wells in the Unit and two wells in the Ethel area tested at rates similar to previous Arcan wells at more than 600 BOE per day. A multi-stage stimulation treatment was performed on the existing 6-36-65-9W5M horizontal well in the Ethel field. The well has tested at rates more than 400 bbls per day and has been equipped with artificial lift. The well is currently pumping at 160 bbls per day of total fluid with 1,600 bbls of load fluid left to recover. Arcan is encouraged by the results of these completions and is evaluating additional stimulations on existing horizontal wells in the Unit and in the Ethel area.

Arcan is spearheading the development of the Swan Hills Beaverhill Lake reservoir. With recent well results and re-entries, Arcan has internally calculated a resource of DPIIP of over 600 MMBOE net to Arcan. DPIIP only includes discovered petroleum even though there is no certainty that it will be commercially viable to produce any portion of those resources, unlike other industry terms like Total Petroleum Initially-In-Place (TPIIP) which includes discovered and undiscovered reserves that may never be discovered and is being utilized by the industry to characterise many resource plays. In determining DPIIP, Arcan used a rigorous petrophysical evaluation of over 100 data points to identify all pay intervals within the Swan Hill complex and their resulting porosity and net thickness values and advanced modeling software was used to determine the vertical and lateral heterogeneities and extent of the reservoir bodies across the fairway. In-place volumes were calculated using a discrete set of Phi-h contours that were generated with a three percent porosity cut off. Based on waterflood recoveries of up to 40 percent in offsetting areas of the reef, Arcan is of the view that this has the potential to translate into recoveries over 200 MMBOE (95 percent light oil), with Arcan having recorded under ten percent of those recoverable reserves at 18.7 MMBOE of its total 21.1 MMBOE in the \$5.56 per share NAV.

Arcan anticipates that current global economic uncertainty combined with political unrest in some of the largest oil producing regions will cause oil prices to stay above the \$75 or even \$100 per bbl mark for the next few years, as indicated by forward strip pricing. Arcan is a light oil company that has had a rigorous start to developing a large oil asset inventory. Current price levels provide Arcan with the opportunity to capture significant short and long term asset growth. Arcan continues to monitor and modify its drilling, completion and operations programs based on new information and results are relayed to Arcan's shareholders to provide data about the significance and scope of the asset base. As part of that growth, Arcan has estimated that 2011 annual production will average up to approximately 4,000 BOE per day, 80 percent higher than the 2,243 BOE per day in 2010 and that 2011 will see an exit production rate of up to 5,000 BOE per day.

Arcan has drilled or re-entered 24 (21.3 net) horizontal wells to date, 23 (20.3 net) of which have been multi-stage fractured. In addition, Arcan is currently drilling two wells, wells number 25 at 08-20-068-08W5 and 26 at 05-35-67-8W5. In 2010, Arcan multi-stage fractured 15 (12.9 net) horizontal wells of which, ten (8.1 net) of the wells were in the Unit, two (2.0 net) wells were in the Ethel and non-unit lands to the south of the Unit, one (0.8 net) well was in the Morse River Unit #1, one (1.0 net) well was at 04-02-66-9W5 and one (1.0 net) was in the south west corner of Arcan's land base at 02-20-66-09W5. On average, the wells that were on for 30 days produced 360 BOE per day each, the 13 wells that were on for 60 days produced 330 BOE per day each, the 13 wells that were on for 90 days produced an average of 280 BOE per day each and the nine wells that were on for 180 days produced an average of 200 BOE per day each. These wells produce about five percent natural gas and 95 percent light oil. Of Arcan's 24 wells which have been multi-stage fractured, three wells will be undergoing operations to resolve production issues, four wells are shut in to facilitate drilling off pad-sites, two new wells had initial test rates in excess of 600 BOE per day and the re-entry well, which tested over 400 BOE per day, has had a pump installed and is producing at approximately 160 BOE per day. Also, three wells are awaiting installation of production equipment, one well is drilled, two re-entry wells are waiting fracture and two wells are currently drilling.

Arcan experienced production issues in the first quarter of 2011. A third party pipeline which had shut-in approximately 700 BOE of production for the first quarter was repaired and the impacted Arcan production was back on-stream by the end of the quarter. Arcan also experienced well production issues with six of its horizontal wells in the Unit. Arcan has conducted workover operations on three of these wells in order to determine the reason behind the production issues observed in the first quarter of 2011. These operations have utilized several techniques to address these production issues. Two of these wells have been put back on production with the average well production increasing from 40 BOE per day to 100 BOE per day. Production is expected to increase with additional optimization of the pumping

equipment and operation. The third well is currently back on-line and is recovering load fluid used during the workover. Initial results are positive with the well producing at rates of more than 125 bbls per day with significant volumes of load fluid left to recover. Based on the results of these workovers Arcan has developed a plan to address these production issues in the remaining three wells currently experiencing production issues. As well, the technical staff has initiated a review of current drilling, completion, and production practices applied in the Swan Hills area. Based on the initial findings, Arcan believes that these production issues can be eliminated in order to ensure long term stable production and reserve recovery. Arcan's current stabilized production at the start of the second quarter of 2011 is 3,000 BOE per day with four producing horizontal wells shut-in due to drilling and completion activities being conducting on offsetting padsite wells.

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 evaluated by Arcan's independent qualified reserves evaluator, GLJ Petroleum Consultants Ltd. ("GLJ"), effective December 31, 2010 based on forecast price and cost assumptions. The tables summarize the data contained in the report prepared by GLJ (the "GLJ Report"), and as a result, 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 AIF in conjunction with the following table and notes. All of Arcan's reserves are on-shore in Canada.

Reserves Category	Light & Medium Oil		Natural Gas Liquids		Natural Gas ⁽¹⁾		Total	
	Gross ⁽²⁾ (Mbbls)	Net ⁽³⁾ (Mbbls)	Gross ⁽²⁾ (Mbbls)	Net ⁽³⁾ (Mbbls)	Gross ⁽²⁾ (MMcf)	Net ⁽³⁾ (MMcf)	Gross ⁽²⁾ (Mbbls)	Net ⁽³⁾ (Mbbls)
Proved								
Developed Producing	5,885	4,163	601	365	2,693	2,210	6,935	4,897
Developed Non-Producing	839	740	61	43	283	241	947	823
Undeveloped	5,353	4,129	388	290	1,202	1,036	5,942	4,592
Total Proved	12,077	9,031	1,050	699	4,178	3,487	13,823	10,312
Total Probable	6,206	4,231	598	392	2,814	2,354	7,273	5,015
Total Proved + Probable	18,283	13,262	1,647	1,091	6,992	5,841	21,096	15,327

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.

GLJ employed the following pricing, exchange rate and inflation rate assumptions as of December 31, 2010, in the GLJ Report in estimating reserves data using forecast prices and costs⁽¹⁾:

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	79.42	78.02	73.81	3.93	4.17	0.971
2011	2.0	88.00	86.22	82.78	3.92	4.16	0.980
2012	2.0	89.00	89.29	83.04	4.51	4.74	0.980
2013	2.0	90.00	90.92	83.64	5.06	5.31	0.980
2014	2.0	92.00	92.96	84.59	5.52	5.77	0.980
2015	2.0	95.17	96.19	87.54	5.97	6.22	0.980
2016	2.0	97.55	98.62	89.75	6.28	6.53	0.980
2017	2.0	100.26	101.39	92.26	6.50	6.76	0.980
2018	2.0	102.74	103.92	94.57	6.65	6.90	0.980
2019	2.0	105.45	106.68	97.08	6.80	7.06	0.980
2020	2.0	107.56	108.84	99.04	6.95	7.21	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.

Net Asset Value

As detailed in the table below, the NAV of \$5.56 per diluted share at December 31, 2010 (on the basis of P+P reserves discounted at ten percent) has increased by 80 percent over December 31, 2009. The increase in net asset value is primarily attributable to the impact of the new horizontal multi-stage fracture wells in the Swan Hills reef play. In 2010, Arcan invested \$148.3 million and grew the present value of the Corporation's reserves by \$321.3 million (P+P PV 10) (\$467.9 million closing reserves plus \$29.8 million in operating netbacks less \$176.4 million opening reserves). Arcan expects that its investment in horizontal multi-stage acid fracture wells and waterfloods will continue to add value going forward.

The following NAV calculation is presented for December 31, 2010 and December 31, 2009 and incorporates 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 and seismic values used are based on management estimates. The working capital deficit (including bank debt) from the December 31, 2010 financial statements and the dilution proceeds are computed by taking the outstanding stock options at December 31, 2010 multiplied by their exercise prices (all options were dilutive as they were exercisable under \$5.45 per share, which was the December 31, 2010 closing share price of Arcan). The reader is cautioned that the presentation does not reflect all aspects of the Corporation. Reserve estimates are derived from the GLJ Report which has an effective date of December 31, 2010.

Net Asset Value (\$000s except number of shares and per share)	December 31, 2010		December 31, 2009	
	(P+P discounted at 5%)	(P+P discounted at 10%)	(P+P discounted at 5%)	(P+P discounted at 10%)
Present value of reserves	629,623	467,917	236,782	176,410
Undeveloped acreage (2010 – \$1,000 per acre)	81,600	81,600	10,220	10,220
Seismic	1,200	1,200	600	600
Working capital deficit (Including bank debt)	(48,592)	(48,592)	(34,779)	(34,779)
Dilution proceeds ⁽¹⁾	32,052	32,052	2,745	2,745
Estimated value	695,883	534,177	215,568	155,196
Shares (thousands)	<u>96,061⁽¹⁾</u>	<u>96,061⁽¹⁾</u>	<u>50,331⁽¹⁾</u>	<u>50,331⁽¹⁾</u>
Estimated NAV per share ⁽¹⁾	7.24	5.56	4.28	3.08

Note:

(1) 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).

FD&A Costs

For the year ended December 31, 2010, Arcan added 12.5 MMBOE of P+P reserves (21.1 MMBOE closing reserves plus 0.8 MMBOE production less 9.4 MMBOE opening reserves) on its \$313.1 million capital program (\$148.3 million capital per the December 31, 2010 financial statements plus \$199.7 million of closing future capital in the GLJ Report (P+P) less \$34.8 million closing future capital in Arcan's December 31, 2009 reserve report (P+P)) to calculate a \$24.08 FD&A cost per P+P BOE (excludes the effect of the Acquisition). Including the Acquisition, the FD&A costs was \$25.05 per P+P BOE. The aggregate of the exploration and development costs incurred in the most recent fiscal year and the change during that year in estimated future development costs generally will not reflect total FD&A costs related to reserves additions for that year.

The FD&A costs below are depicted after eliminating the effects of acquisitions and dispositions, including eliminating the Acquisition. It is anticipated that the full impact of Arcan's horizontal development in the Swan Hills play and the related shift in reserves will be realized over the next few years.

P+P FD&A Costs (excl. Acq.)	2010	2009	3 year	Life To Date
Total Capital (\$millions)	313.1	1.1	367.7	532.2
Acquisition capital (\$millions)	52.8	-	52.8	52.8
Total capital (\$millions)	260.4	1.1	314.9	479.4
Reserve additions (MMBOE)	10.8	0.1	14.2	21.9
P+P FD&A (\$ per BOE)	\$24.08	\$14.29	\$22.15	\$21.87
Proved FD&A Costs (excl. Acq.)	2010	2009	3 year	Life To Date
Total Capital (\$millions)	261.9	1.0	316.1	473.8
Acquisition capital (\$millions)	52.8	-	52.8	52.8
Total capital (\$millions)	209.1	1.0	263.3	421.0
Reserve additions (MMBOE)	6.1	0.1	9.4	14.9
Proven FD&A (\$ per BOE)	\$34.36	\$8.48	\$28.05	\$28.23

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

Arcan has invested substantially in infrastructure in prior years through facilities, drilling water source wells, and converting producing vertical wells into injector wells. In waterflood projects the majority of the capital expended has historically been invested at the front end to produce results over the long term. The Acquisition in 2010 was land focused adding 81 net sections to Arcan's land base in the Swan Hills and the costs of the Acquisition are reflected in the 2010 FD&A costs. In 2011, Arcan expects an upward transition in revenues and netbacks as commodity prices related to oil rise and Arcan invests in horizontal multi-stage fracture oil wells in the Swan Hills reef play.

Recycle Ratio

Recycle ratio is a measure for evaluating the effectiveness of a Corporation's reinvestment program. The ratio measures how well the Corporation replaced every BOE of production. The table below depicts that Arcan received a net \$36.36 per BOE sold and it cost \$25.05 in 2010 to find a replacement BOE. Arcan strives for a recycle ratio of 2.0 or higher. In 2010, Arcan only achieved a recycle ratio of 1.5 times which was due primarily to capital expenditures for horizontal drilling activity focused in the Unit where reserves had already been recorded on vertical wells in prior years and the higher portion of land acquired during the year. Arcan determined it was important to demonstrate the effectiveness of the combination of the horizontal multi-stage fracture wells with the waterflood and template that over the expanded land base.

For the year ended December 31, 2010, Arcan estimated that it had a 1.5 times recycle ratio on 12.5 MMBOE P+P reserve additions and a \$25.05 FD&A cost (using a ten percent discount factor) with a 20 year reserve life index. Life to date ("LTD"), Arcan estimates it has a recycle ratio of 1.7 times based on a \$22.55 P+P FD&A (discounted at ten percent) and a \$38.10 operating netback.

Recycle Ratio (Including Acquisitions)	2010	2009	3 year average	LTD
Operating netback (\$/BOE)	36.36	24.10	38.42	38.10
Proven finding and development costs (\$/BOE)	34.89	8.48	29.25	29.01
Proven reinvestment efficiency ratio	1.0	2.8	1.3	1.3
Proven plus probable finding and development costs (\$/BOE)	25.05	14.29	23.12	22.55
Proven plus probable reinvestment efficiency ratio	1.5	1.7	1.7	1.7
Recycle Ratio (Excluding Acquisitions)	2010	2009	3 year average	LTD
Operating netback (\$/BOE)	36.36	24.10	38.42	38.10
Proven finding and development costs (\$/BOE)	34.36	8.48	28.05	28.23
Proven reinvestment efficiency ratio	1.1	2.8	1.4	1.3
Proven plus probable finding and development costs (\$/BOE)	24.08	14.29	22.15	21.87
Proven plus probable reinvestment efficiency ratio	1.5	1.7	1.7	1.7

Reserve Life Index

Using the fourth quarter ended December 31, 2010 average production of 2,800 BOE per day and December 31, 2010 year-end proved plus probable reserves, Arcan has a reserve life of 20 years. Arcan anticipates the reserve life index to decline as production rates are anticipated to elevate.

Production (fourth quarter ended December 31, 2010 average BOE per day)	2,800
Proved reserves (MBOE)	13,825
Proved reserve life index (years)	13.5
Proved plus probable reserves (MBOE)	21,099
Proved plus probable reserve life index (years)	20.6

About Arcan Resources Ltd.

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.

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.

For further information, please contact either:

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

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

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

Legal Advisories

BOEs may be misleading, particularly if used in isolation. The calculation of BOEs is based on a conversion ratio of six Mcf of natural gas to one bbl of oil 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.

Non-GAAP Measurements

Readers are cautioned that this press release contains the term "funds from operations", which should not be considered an alternative to, or more meaningful than, cash provided by operating activities or net earnings as determined in accordance with GAAP as an indicator of Arcan's performance. Arcan also presents "funds from operations per share", whereby funds from operations is divided by the basic weighted average number of common shares of Arcan outstanding to determine per share amounts. Operating and corporate netbacks are also presented. Operating netbacks represent Arcan's revenue, less royalties and operating expenses, and corporate netbacks represent Arcan's operating netback, less realized economic hedging losses, general and administrative ("G&A") and interest expense, in order to determine the amount of funds generated by production. Operating and corporate netbacks have been presented on a per BOE basis, as well.

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. Management believes that funds from operations and operating and corporate netbacks are useful supplemental measures as they provide an indication of the ability of Arcan to fund future growth through capital investment and/or repay debt. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding Arcan's liquidity and its ability to generate funds to finance its operations. Arcan's method of calculating funds from operations may differ from that of other companies, and, accordingly, may not be comparable.

Please see the section "Annual and Fourth Quarter Results of Operations – Netbacks" in Arcan's management's discussion and analysis for the year ended December 31, 2010 for a reconciliation between both operating netbacks and corporate netbacks to revenue.

Arcan determines funds from operations as cash flow from operating activities before changes in non-cash working capital as follows:

Funds from Operations (\$000's)	Quarter Ended December 2010	Quarter Ended December 2009	Year Ended December 2010	Year Ended December 2009
Cash flow from (used in) operating activities (per GAAP)	8,044	(371)	19,631	4,327
Change in non-cash working capital	(285)	1,038	3,108	1,018
Funds from operations	<u>7,759</u>	<u>667</u>	<u>22,739</u>	<u>5,345</u>

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.

Readers are cautioned that this press release contains the term "finding, development, and acquisition" ("FD&A") costs which Management believes is a useful supplemental measure as it provides a measure of the capital costs to add proved and probable reserves. Arcan's method for calculating FD&A costs is detailed in this press release in the section "FD&A Costs" 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 comparable to the FD&A 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.

Readers are cautioned that this press release contains the term "recycle ratio" which Management believes is a useful supplemental measure as it provides a measure for evaluating the effectiveness of a Corporation's reinvestment program. Arcan's method for calculating the recycle ratio is detailed in this press release in the section "Recycle Ratio" 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 comparable to the recycle ratio 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.

Readers are cautioned that this press release contains the term "reserve life index" which Management believes is a useful supplemental measure as it provides a measure for estimating the number of years it will take to produce the Corporation's reserves at current production levels. Arcan's method for calculating the reserve life index is detailed in this press release in the section "Reserve Life Index" 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 comparable to the reserve life index calculation 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 "expect", "anticipate", "continue", "estimate", "guidance", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "possible" 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, the following: the timing, method and results of drilling and waterflood operations; the timing and resolution of mechanical/operational issues faced by Arcan; waterflood and CO2 recoveries; future liquidity and financial capacity and resources; the potential inherent in Arcan's Swan Hills land base; reserve life index; estimated additional drilling locations; expectations relating to increased shareholder value; results from operations and financial ratios; the volume and product mix of Arcan's oil and gas production; cost and expense estimates and expectations; Arcan's income taxes, tax liabilities and tax pools; oil and natural gas prices and Arcan's risk management programs; recovery; the impact of the Acquisition; the amount of asset retirement obligations; cash flow ratios and sensitivities; estimated DPIIP; royalty rates and their impact on Arcan's operations and results; capital expenditures; Arcan's review of its Credit Facility; the reassessment of Arcan's 2011 budget; future growth including development, exploration, and acquisition, construction and development activities and related expenditures.

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; 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; the accuracy of current horizontal production data; 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; waterflood and CO2 impacts; Arcan may be unable to solve its mechanical/operational issues in the timelines anticipated, in the manner anticipated or at all; shareholder value may not be maximized in the manner suggested by Arcan or at all; 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, unfavourable or no access to debt or equity capital markets; inaccuracies in Arcan's internal estimate of DPIIP; inaccuracies in Arcan's calculation of reserve life index; 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;

increased costs and expenses; the impact of competitors; reliance on industry partners; review's of Arcan's Credit Facility and/or budget may not occur on the timelines anticipated or at all; 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.

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.