



**ARCAN RESOURCES LTD. ANNOUNCES CLOSING
OF \$11,250,000 OVER-ALLOTMENT OPTION OF CONVERTIBLE DEBENTURES**

CALGARY, Alberta, Canada, February 22, 2011 – Arcan Resources Ltd. (TSXV – "ARN") ("**Arcan**") is pleased to announce that it has closed the sale of an additional \$11,250,000 principal amount of 6.25% convertible unsecured subordinated debentures (the "**Debentures**") at a price of \$1,000 per Debenture, pursuant to the over-allotment option exercised by the underwriters in connection with its public offering of Debentures, which closed on February 14, 2011 (the "**Over-Allotment Option**"). The exercise of the over-allotment option brings the total number of Debentures sold by Arcan in this public offering to 86,250 and brings the total gross proceeds of the public offering to \$86,250,000. The syndicate of underwriters was led by RBC Capital Markets as Bookrunner and co-led by Haywood Securities Inc., and included National Bank Financial Inc., BMO Capital Markets, CIBC World Markets Inc., Paradigm Capital Inc., Wellington West Capital Markets Inc., PI Financial Corp. and Stifel Nicolaus Canada Inc. The Debentures trade on the TSX Venture Exchange (the "**TSXV**") under the symbol ARN.DB.

The Debentures bear interest at 6.25% per annum, payable semi-annually in arrears on February 28 and August 31 commencing on August 31, 2011 and mature on February 28, 2016. It is estimated that the first interest payment, payable on August 31, 2011, will be \$34.03 per \$1,000 principal amount of Debentures, which will include interest accrued from the closing date to, but excluding, August 31, 2011.

The Debentures are convertible at the holder's option into common shares of Arcan at a conversion price of \$8.75 per common share, subject to adjustment in certain circumstances and satisfaction of certain conditions (the "**Conversion Price**"). The Debentures will not be redeemable by Arcan prior to February 28, 2014, except in certain circumstances following a change of control of Arcan. On or after February 28, 2014, and prior to February 28, 2016, the Debentures will be redeemable by Arcan, in whole or in part, from time to time, at a price equal to the principal amount thereof, plus accrued and unpaid interest, at Arcan's sole option on not more than 60 days and not less than 40 days prior notice, provided that the volume weighted average trading price of Arcan's common shares on the TSXV for the 20 consecutive trading days ending five trading days before the date on which notice of redemption is given is not less than 125% of the Conversion Price.

Arcan initially intends to use the net proceeds of the Over-Allotment Option to reduce the balance owing under its revolving credit facility, and will re-draw such amount to finance its ongoing exploration and development activities. Arcan plans to use the balance for general working capital purposes.

This news release does not constitute an offer to sell or the solicitation of an offer to buy any securities of Arcan in the United States. The Debentures described in this news release (and any common shares of Arcan issued upon the conversion, redemption or maturity of the Debentures) 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, sold or delivered in the United States absent an exemption from registration.

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

Advisory Regarding Forward-Looking Information and Statements

This news release contains certain forward-looking information (referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "intend", "expect", "may", "will", "should", or similar words suggesting future activities, circumstances or outcomes. In particular, this news release contains forward-looking statements relating to the first interest payment under the Debentures and the intended use of the net proceeds from the sale of the Debentures.

Forward-looking statements are based upon the opinions and expectations of management of Arcan as at the effective date of such statements. Although Arcan believes that the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that those expectations will prove to have been correct. Forward looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, such things as changes in general economic and industry conditions in Canada and elsewhere, disruptions in domestic or international financial markets and new laws and regulations (domestic and foreign). Although the intended use of proceeds is based on current expectations of management of Arcan, there may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the discretion of Arcan and there can be no assurance as at the date hereof as to how those funds may be reallocated. Additional information and other factors that could affect Arcan and the Debentures are included in the documents on file with applicable securities regulatory authorities, including the annual information form of Arcan for the period ended December 31, 2009, and may be accessed through the SEDAR website at www.sedar.com.

Forward-looking statements concerning the first interest payment under the Debentures and the intended use of the net proceeds of the sale of the Debentures; are all based upon certain factors and assumptions, including the terms of the underwriting agreement entered into between Arcan and the Underwriters on January 25, 2011, as amended on February 7, 2011. In addition, forward-looking statements concerning the first interest payment under the Debentures is based upon the terms of the convertible debenture indenture entered into by Arcan and the Debenture trustee on February 14, 2011.

The forward-looking statements contained in this news release are made as of the date hereof and Arcan does not undertake any obligation to update publicly or to revise any of the included forward-looking statements to reflect new events or circumstances, except as required by applicable Canadian securities laws. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

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