



ARCAN ANNOUNCES RECORD THIRD QUARTER 2011 RESULTS

Calgary, Alberta, Canada, November 28, 2011 – Arcan Resources Ltd. (TSXV – "ARN") ("**Arcan**" or the "**Corporation**") is pleased to announce the filing of its interim consolidated financial statements and corresponding management's discussion and analysis ("**MD&A**") for the period ended September 30, 2011.

The third quarter of 2011 was the busiest in the Corporation's history as Arcan significantly accelerated its drilling and completion program and secured critical services including acid blending and stimulation. The successes experienced during this quarter put Arcan on track to achieve its 2011 year-end exit rate of 6,000 barrels of oil equivalent ("**BOE**") per day. The results of Arcan's 2011 activities to date were highlighted in an independent reserves evaluation, dated November 4, 2011 and effective September 30, 2011 (the "**GLJ Update Report**"), which shows a 67 percent increase in Arcan's proved plus probable ("**P+P**") reserves and a 29 percent increase to \$7.17 in net asset value per share. The GLJ Update Report was prepared by GLJ Petroleum Consultants ("**GLJ**"), Arcan's independent qualified reserves evaluator for 100 percent of Arcan's oil and gas properties.

Highlights of the third quarter of 2011:

- Production was up 34 percent to 3,684 BOE per day for the three months ended September 30, 2011 from 2,740 BOE per day for the three months ended September 30, 2010;
- Consolidated operating netbacks increased to \$41.90 per BOE (on revenue of \$83.70 per BOE with operating costs of \$24.33 per BOE), up five percent from \$39.98 per BOE in the third quarter of 2010;
- Funds from operations rose 36 percent to \$10.5 million (\$0.12 per diluted share) in the third quarter of 2011 from \$7.7 million (\$0.10 per diluted share) in the third quarter of 2010;
- Income of \$0.8 million in the third quarter of 2011 was up from a loss of \$2.0 million in the third quarter of 2010;
- Ten horizontal wells were spud and eleven horizontal multi-stage fractured oil wells were completed in the third quarter of 2011. In the fourth quarter of 2011 Arcan has currently drilled and completed an additional five horizontal wells;
- Expended \$86.7 million of capital in the third quarter of 2011, including the acquisition of StimSol Canada Inc. ("**StimSol**") for \$24.0 million (the "**StimSol Acquisition**");
- Hedged an additional 1,000 barrels of oil per day for 2012, bringing the total to 2,000 barrels per day hedged for 2012 and hedged 500 barrels of oil per day for 2013; and
- Raised \$50.8 million of equity at \$5.45 per share, as well as \$85.0 million in 6.50% seven year convertible debentures on October 7, 2011, leaving Arcan with available funds of \$145.0 million (net of working capital) subsequent to the closing of the financing.

Consolidated Financial and Operating Summary ⁽¹⁾

	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Financials (\$000s except per share amounts)				
Oil and NGL sales	27,930	16,607	70,648	34,941
Natural gas sales	440	500	1,242	2,214
Petroleum and natural gas revenue	28,370	17,107	71,890	37,155
Fracturing and stimulation services revenue	351	-	351	-
Cash provided by operating activities	10,469	5,372	29,538	11,589
Funds from operations ⁽²⁾	10,490	7,653	29,484	14,981
Per share basic ⁽²⁾	0.12	0.10	0.33	0.23
Per share diluted ⁽²⁾	0.12	0.10	0.33	0.23
Net income (loss)	776	(1,988)	2,483	(4,742)
Per share basic	0.01	(0.03)	0.03	(0.07)
Per share diluted	0.01	(0.03)	0.03	(0.07)
Capital expenditures, net – cash	86,696	28,386	159,097	120,461
Total assets	440,687	271,255	440,687	271,255
Total liabilities	213,819	115,051	213,819	115,051
Shareholders' equity	226,868	156,204	226,868	156,204
Bank loan	43,990	55,111	43,990	55,141
Net debt and working capital ⁽⁵⁾	163,010	78,554	163,010	78,554
6.25% Debentures maturing in 2016 - face value	86,250	-	86,250	-
Operating				
Production:				
Crude oil and NGLs (bbls per day)	3,477	2,523	2,858	1,785
Natural gas (Mcf per day)	1,242	1,301	1,090	1,619
BOE per day (6:1) ⁽³⁾	3,684	2,740	3,040	2,055
Average realized price:				
Crude oil and NGLs (\$ per bbl)	87.31	71.55	90.55	71.70
Natural gas (\$ per Mcf)	3.85	4.18	4.17	5.01
Combined price per BOE (incl. processing revenue) (\$ per BOE)	83.70	67.87	86.63	66.23
Netback (\$ per BOE)				
Petroleum and natural gas sales	83.70	67.87	86.63	66.23
Fracturing and stimulation services revenue	1.03	-	0.42	-
Royalties	(16.20)	(15.94)	(17.09)	(15.80)
Production and operating expenses	(24.33)	(11.95)	(22.42)	(13.44)
Cost of sales for fracturing and stimulation services	(2.30)	-	(0.94)	-
Consolidated operating netback (\$/BOE)	41.90	39.98	46.60	36.99
Realized economic hedging losses – cash	-	-	(0.42)	-
G&A expenses – cash	(6.06)	(7.50)	(5.98)	(7.96)
Other revenue	0.01	-	0.14	-
Finance expenses - cash	(4.29)	(2.07)	(4.40)	(2.27)
Corporate netback	31.56	30.41	35.94	26.76
Common Shares (000s)				
Shares outstanding	88,426	75,418	88,426	75,418
Weighted average – basic	88,425	75,245	88,242	66,297
Weighted average – diluted ⁽⁴⁾	89,919	75,245	89,397	66,297

Notes:

- (1) The quarters ended September 30, 2010 have been restated for the effect of adopting IFRS. Further information on the impact of IFRS is provided in the unaudited financial statements for those periods and in the "Accounting Policies" section.
- (2) The reader is referred to the section "Non-IFRS Measurements".
- (3) The reader is referred to the section "Legal Advisories".
- (4) Basic and diluted weighted average shares are the same in 2010 as the Corporation incurred a loss in these periods.
- (5) Net debt and working capital is calculated by subtracting the Corporation's current liabilities, bank debt, and convertible debentures for its current assets and excludes the net proceeds of the October 7, 2011 financing.

After drilling 11 wells in the first two quarters of the year, Arcan spud ten wells in the third quarter and established a record quarter for fracturing with one well being fractured in June, two wells being fractured in July, four wells being fractured in August and five wells being fractured in September. Despite significant operational challenges caused by extreme flooding and third party pipeline outages in the Swan Hills area, the Corporation was able to ramp up its activities as the third quarter progressed. The flooding cost Arcan seven out of its ten bridges and the third party oil sales pipelines out of the Deer Mountain Unit #2 ("**DM2**") and out of the Morse River Unit #1 ("**Morse River**"). The financial cost to Arcan, in addition to the repairs, was \$10-\$15 per barrel in operating costs related to the practical difficulties in trucking from oil wells to its facilities and then trucking the Corporation's clean oil to sales, additional road maintenance, delayed well testing and equipping and servicing delays. Despite these temporary operational difficulties, Arcan's significant efforts in the field paid off as production rose allowing Arcan to achieve record quarterly production of 3,684 BOE per day (94 percent oil). Arcan is now seeing the success of its third quarter 2011 drilling program, as September 2011 production averaged approximately 4,000 BOE per day and a fourth quarter average forecasted at 4,600 - 4,800 BOE per day. Based on the results of the first three quarters, Arcan estimates that its 2011 production will average 3,500 BOE per day and is currently on track to meet its 2011 year-end target exit rate to 6,000 BOE per day.

In the third quarter of 2011, Arcan's funds from operations were \$10.5 million on a 3,684 BOE per day basis with a consolidated operating netback of \$41.90 per BOE. Consolidated operating netbacks decreased as a result of oil prices falling to \$87.30 from \$101.10 per barrel in the second quarter. Although royalties decreased to \$16.20 per BOE, operating costs were elevated to \$24.33 per BOE in the third quarter. These results compare to consolidated operating netbacks of \$39.98 per BOE in the third quarter of 2010 and \$55.29 per BOE in the second quarter of 2011.

As previously disclosed, Arcan has been strategically procuring the services, equipment, and materials required to execute the development plan in the Swan Hills area. These activities culminated on September 13, 2011 with the StimSol Acquisition. StimSol is a stimulation services company whose business includes an exclusive ten year distribution license for a hydrochloric acid blend called "Stim 28". Arcan has been using Stim 28 in its Swan Hills multi-stage fracture program and acquired StimSol as part of its strategy to secure an acid supply and blend which will assist in the development of its Swan Hills lands. To facilitate safety, product consistency and delivery timing, StimSol is currently constructing a 1,000 cubic meter per day centralized blending facility near the town of Swan Hills that will act as a service supplier for blended acid in the Swan Hills area. Early in 2011, Arcan anticipated acid shortages and attempted to minimize the impact of such shortages on its business through the StimSol Acquisition. As acid shortages have become very acute in the industry early in the fourth quarter, Arcan's planning and execution has been rewarded as Arcan has been in a position to fracture five wells to date in the fourth quarter. Further, Arcan anticipates that it will fracture up to five additional wells prior to the end of the year. Arcan believes that acid fracture stimulation fluid will be in critical demand as it drills through the fourth quarter of 2011 and into the first quarter of 2012 and it continues to focus its efforts to ensure the execution of its development drilling program.

Subsequent to the end of the third quarter, Arcan announced the results of the GLJ Update Report. The highlights derived from the GLJ Update Report included a new estimated net asset value of \$7.17 per share, up 29 percent from the \$5.56 per share at December 31, 2010. Arcan's shareholders now own reserves worth \$773 million net present value of future net revenue of working interest total P+P reserves before tax at 10 percent discount rate, up 65 percent from \$468 million posted as at December 31, 2010. The September 30, 2011 numbers are based on 35.2 million BOE ("**MMBOE**") total P+P reserves, representing 67 percent growth in 2011 from the 21.1 MMBOE total P+P reserves as at December 31, 2010. The reserves were only booked for 118 wells on 57 sections of Arcan's 171 sections of land. Arcan will continue to prove up these resources and develop its lands and reserves for its December 2011

year end reserves report. Based upon recorded P+P reserves assigned by GLJ, the Corporation estimates there are significant additional resources on its undeveloped land position.

Arcan is well capitalized to execute its business plan into 2012. On October 7, 2011 Arcan closed a \$50.8 million equity offering and an \$85.0 million convertible debenture financing. This allowed Arcan to raise its 2011 capital budget to \$225.0 million and has provided Arcan with the financial flexibility required to continue development of its Swan Hills asset base. The Corporation's new budget includes the \$24.0 million StimSol Acquisition, \$13.3 million paid to acquire an additional 13 sections of land and the drilling and completion of 35 new horizontal multi-stage fracture wells in 2011. As at October 7, 2011, Arcan had \$86.3 million of convertible debentures due in 2016, \$85.0 million of convertible debentures due in 2018, a \$26.3 million working capital surplus and \$120.0 million in undrawn bank lines of credit.

Arcan estimates a significant reduction in operating expenses in the first quarter of 2012 due to a number of activities which are currently underway. These activities include completion of the construction of a high grade road system that connects the DM2 through Arcan's Ethel property into Morse River, the commencement of pipeline infrastructure along the new road system backbone that will allow production in Ethel to flow to the DM2 oil facility, and the construction of pipeline infrastructure to facilitate water injection in the Ethel area. Arcan is also working on resolving issues with the clean oil pipeline which flows from the DM2.

Arcan is focusing additional efforts on prudent waterflood management and development nucleating from the DM2 existing infrastructure. Several DM2 injector stimulations and a complete water injection cleanout have been instituted to date in 2011. Source water delineation has been addressed and an ample supply has been identified. Within the DM2 enhanced recovery scheme area two new injectors will be on-stream to assist in voidage replacement prior to year-end. Management anticipates that an additional seven injectors will be added within the DM2 scheme via recompletion activities to further facilitate pressure maintenance in the first quarter of 2012. An additional three conversions and six injector drills are also slated for expansion of the Ethel enhanced recovery scheme in the first quarter of 2012. Cumulative voidage replacement since the commencement of the DM2 scheme is 0.6 and to date in 2011 has averaged 0.6 on a monthly basis. A target voidage replacement of one or greater is currently strategized to commence in December 2011. The anticipated impact in DM2 is an enhancement of pool management for the maximization of ultimate pool recoveries and an improvement in the 2012 oil decline projections. Arcan's drilling program continues to be focused around land retention, reserves bookings and production in the Ethel area. To maintain land retention Arcan is drilling wells in its tier one, two and three areas. Overall, Arcan's wells continue to support Arcan's average well type production profile.

The Corporation's success to date has been achieved despite the unpredictable and challenging external events which occurred in the first nine months of 2011. In addition to issues which resulted from extreme flooding in the Swan Hills area, the Rainbow pipeline system in the Hamburg area was also shut down and did not resume shipping until September 2011. Throughout these events, Arcan continued to successfully execute on its business plan and deliver on its strategy of maximizing the value of its Swan Hills assets. Arcan believes that the GLJ Update Report highlights the capital efficiency of the application of a horizontal, multi-stage fracture program in the Swan Hills reservoir. The Corporation now owns 171 net sections of land on the Swan Hills Beaverhill Lake light oil play having drilled or re-entered old well bores covering over 30 kilometres. For 2012, in addition to its water injection activities, Arcan plans to utilize three rigs to breakup and add up to forty new wells during the 2012 year; however, Arcan will also continue to evaluate capital spending and activity levels to ensure that it is able to maintain a strong balance sheet and respond appropriately to any fluctuations or industry downturns caused by world economic events.

To provide additional financial stability, Arcan has hedged 2,000 barrels per day for 2012, 500 barrels per day for 2013 and maintains strong banking and finance syndicates. With a large, defined inventory at the forefront of an emerging light oil play, Arcan expects that the Swan Hills area will continue to transform Arcan through the rest of 2011 and beyond.

As of January 1, 2011, Arcan employs International Financial Reporting Standards ("**IFRS**"). The Corporation encourages you to carefully read its management's discussion and analysis together with its quarterly unaudited interim consolidated financial statements as it has provided information regarding IFRS accounting policies and prepared reconciliations between previous Canadian generally accepted accounting principles ("**GAAP**") and IFRS. Comparative numbers for 2010 have also been updated to reflect IFRS changes. The changes resulting from the Corporation's transition to IFRS have not impacted the operating assets of Arcan, but have significantly modified its consolidated financial statements and related notes. Further information on the impact of the changeover to IFRS is provided in the "Accounting Policies" section of the Arcan's management's discussion and analysis.

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.

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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.

Please refer to the "Abbreviations" in the Corporation's AIF for meanings of certain abbreviations used in this press release.

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.

Basis of Presentation

Arcan's unaudited interim consolidated financial statements for the three months ended March 31, 2011, the three and six months ended June 30, 2011 and for the three and nine months ended September 30, 2011 have been prepared in accordance with IFRS. The Corporation adopted IFRS on January 1, 2011 with a transition date of January 1, 2010. Previously, Arcan had prepared its financial statements in accordance with GAAP. The Corporation has provided IFRS accounting policies and prepared reconciliations between GAAP and IFRS in the notes to its unaudited interim consolidated financial statements for the three months ended March 31, 2011, for the three and six months ended June 30, 2011 and for the three and nine months ended September 30, 2011. Further information on the impact of IFRS is provided in the "Accounting Policies" section of the MD&A.

Non-IFRS 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 IFRS as an indicator of Arcan's performance. Arcan also presents "funds from operations per share", whereby funds from operations are divided by the basic and diluted weighted average number of common shares of Arcan (each, a "share") outstanding to determine per share amounts. Operating netbacks are presented on an operating segment and consolidated basis. "Operating netbacks" for the exploration and production segment represent Arcan's petroleum and natural gas revenue, less royalties and production and operating expenses. "Operating netbacks" for the fracturing and stimulation segment represent fracturing and stimulation services revenue, less cost of sales for fracturing and stimulation services. "Consolidated operating netbacks" represent the sum of the operating netbacks for the exploration and production and fracturing and stimulation segments. "Corporate netbacks" represent Arcan's consolidated operating netback, plus other revenue, less realized economic hedging losses, cash general and administrative expenses and cash interest expenses 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.

The measures referenced above do not have any standardized meaning prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. Management believes that funds from operations and both operating and corporate netbacks are useful supplemental measures as they indicate Arcan's ability to fund future growth through capital investment and/or to 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 other companies, and as such, may not be comparable. Please see the section "Results of Operations – Netbacks" for reconciliations 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)	Three Months Ended		Nine Months Ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Cash flow from (used in) operating activities (per IFRS)	10,469	5,372	29,538	11,589
Change in non-cash working capital	21	2,281	(54)	3,392
Funds from operations	10,490	7,653	29,484	14,981

Readers are cautioned that this press release contains summarized communications and is not a suitable source of information for readers who are unfamiliar with Arcan. This press release is not in any way a substitute for reading the unaudited interim financials and the MD&A, because the reader relying on a summary alone might overlook decision-critical information.

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, completion and waterflood operations; anticipated production; waterflood and CO₂ recoveries; future liquidity and financial capacity and resources; the potential inherent in Arcan's Swan Hills land base and the Ethel oil pool including Arcan's resource expectations; Arcan's belief that the GLJ Update Report highlights the capital efficiency of the application of its horizontal multi-stage fracture program; Arcan's expectations respecting the benefits of the StimSol Acquisition and demands for fracture acid; Arcan's reserves bookings; results from operations and financial ratios; the application and modification of horizontal, multi-stage fracture technologies; cost and expense estimates and expectations; recovery; cash flow ratios and sensitivities; Arcan's expansion into the Ethel area; capital expenditures; Arcan's 2011 budget; Arcan's expectations respecting its growth and activities throughout the remainder of 2011 and into 2012; Arcan's ability to execute on the remainder of its 2011 and its 2012 business plans; future growth including development, exploration, acquisition, construction and operational 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 and its Ethel oil pool; 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: changes in commodity prices; unanticipated operating results or production declines; waterflood and CO₂ impacts; Arcan's implementation of the next phase of its development plan and its business plans for the remainder of 2011 and into 2012 may not be completed in the timelines anticipated, in the manner anticipated or at all and the execution of its development and business plans may not have the results currently anticipated by Arcan; 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; 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; water injection at additional sites in the DM2 may not have the impact on production currently anticipated by Arcan; currently unforeseen issues may arise in the integration of the business and operations of Arcan and StimSol; the StimSol Acquisition may not positively impact Arcan's business and operations in the manner currently anticipated 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 for the year ended December 31, 2010, 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.