

Schedule 3



ARCAN RESOURCES LTD. ANNOUNCES INCREASE TO PREVIOUSLY ANNOUNCED OFFERING OF CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES TO \$75 MILLION

CALGARY, Alberta, Canada, January 26, 2011 – Arcan Resources Ltd. (TSXV – “ARN”) (“**Arcan**” or the “**Company**”) is pleased to announce that it has increased the size of its previously announced public offering, on a “bought deal” basis, to \$75,000,000 principal amount of convertible unsecured subordinated debentures with an interest rate of 6.25% per annum (the “**Debentures**”). The transaction was upsized from the original amount of \$50,000,000.

The offering is being made through a syndicate of underwriters (the “**Underwriters**”) led by RBC Capital Markets Inc. as Bookrunner and co-led by Haywood Securities Inc.

Arcan has granted to the Underwriters an over-allotment option to purchase up to an additional \$11,250,000 aggregate principal amount of Debentures at the same price (but subject to adjustment for accrued interest), exercisable in whole or in part at any time for a period of up to 30 days following closing of the Offering, to cover over-allotments.

The Debentures are being issued at a price of \$1,000 per Debenture, and the agreement entered into with the Underwriters provides that: (i) the Debentures will bear interest from the date of issue at 6.25% per annum, with interest payable semi-annually in arrears on February 28 and August 31 each year (each an “**Interest Payment Date**”) commencing August 31, 2011; (ii) the Debentures will mature and be repayable on February 28, 2016 (the “**Maturity Date**”); and (iii) Arcan may, in certain circumstances, pay accrued interest on the Debentures with the proceeds of common shares sold by a trustee on behalf of Arcan.

Net proceeds of the Offering will be used to fund the Company’s drilling program and for general corporate purposes.

Each \$1,000 principal amount of the Debentures will be convertible at the option of the holder at any time prior to the close of business on the earlier of the Maturity Date and the last business day immediately preceding the date fixed for redemption, into 111.1111 common shares of Arcan, representing a conversion price of \$9.00 per share (the “**Conversion Price**”), subject to certain anti-dilution provisions. Holders who convert their Debentures will receive accrued and unpaid interest for the period from the date of the latest Interest Payment Date to the date of conversion.

The Debentures will not be redeemable by the Company before February 28, 2014. On and after February 28, 2014 and prior to February 28, 2016, the Debentures may be redeemed in whole or in part from time to time at the option of the Company on not more than 60 days and not less than 40 days prior notice, at a price equal to their principal amount plus accrued and unpaid interest, provided that the weighted average trading price of the common shares on the TSX Venture Exchange (the “**TSXV**”) for the 20 consecutive trading days ending five trading days preceding the date on which the notice of redemption is given is at least 125% of the Conversion Price.

The agreement entered into with the Underwriters contemplates that the Debentures will be offered by Arcan under a short form prospectus to be filed in each of the provinces of Canada, other than Québec. Closing of the Offering is expected to occur on or about February 14, 2011. Completion of the Offering is subject to the satisfaction or waiver of various conditions, such as the receipt of normal regulatory approvals, including approval of the TSXV.

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.

About Arcan

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.

Forward-Looking Information Advisory

The information and statements in this news release contains certain forward-looking information. This forward-looking information relates to future events or Arcan's future performance. In particular, this document contains forward-looking information and statements regarding: (i) the completion of the Offering and the issuance of the Debentures, (ii) the expected closing date of the Offering; (iii) the use of proceeds of the Offering; (iv) future capital expenditures and projects. All statements other than statements of historical fact may be forward-looking information. This forward-looking information is subject to certain risks and uncertainties and may be based on assumptions that could cause actual results to differ materially from those anticipated or implied in the forward-looking information. The outcome and timing of the proposed Offering, as well as the Company's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward looking information will transpire or occur or, if any of them do, what benefits that the Company will derive from them. The Company's forward-looking information is expressly qualified in its entirety by this cautionary statement. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking information.

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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