



ARCAN ANNOUNCES OPERATIONS UPDATE AND FIRST QUARTER 2011 RESULTS

Calgary, Alberta, Canada, June 1, 2011 – Arcan Resources Ltd. (TSXV – "ARN") ("Arcan" or the "Corporation") is pleased to announce the filing of its interim financial statements and corresponding management's discussion and analysis ("MD&A") for the period ended March 31, 2011.

For the Three Months Ended March 31, 2011

CORPORATE SUMMARY	Quarter Ended March 31, 2011	Quarter Ended March 31, 2010 ⁽⁴⁾	Quarter Ended December 31, 2010 ⁽⁴⁾
Financial (\$000's, except per share amounts)			
Petroleum and natural gas revenues	18,306	8,992	18,420
Cash provided by operating activities	8,889	2,549	8,044
Funds from operations ⁽¹⁾	8,880	2,827	7,759
Per share – basic ⁽¹⁾	0.10	0.06	0.09
Net income (loss)	(2,560)	(2,127)	(2,377)
Per share – basic	(0.03)	(0.04)	(0.03)
Per share – diluted	(0.03)	(0.04)	(0.03)
Bank loan	-	26,760	20,823
Working capital deficiency	4,397	14,148	28,362
6.25% Debentures maturing February 28, 2016	86,250	-	-
Total assets	364,753	227,164	291,228
Total liabilities	149,101	72,324	84,003
Shareholders' equity	215,652	154,840	207,225
Capital expenditures, net – cash	44,160	70,835	27,874
Shares outstanding	88,100	74,928	87,670
Weighted average – basic	88,072	48,320	82,204
Weighted average – diluted ⁽³⁾	88,072	48,320	82,204
Operations			
Crude oil and NGLs (bbls per day)	2,390	1,142	2,572
Natural gas (Mcf per day)	968	1,951	1,373
BOE per day ⁽²⁾	2,551	1,468	2,800
Crude oil and NGLs (price per bbl)	\$83.33	\$77.35	\$75.58
Natural gas (price per Mcf)	\$4.42	\$5.91	\$4.26
Combined price per BOE	\$79.74	\$68.07	\$71.50
Operating Netback (\$/BOE)	\$43.63	\$32.18	\$34.97

Notes:

- (1) The reader is referred to "Non-IFRS Measurements".
- (2) The reader is referred to "Legal Advisories".
- (3) Basic and diluted weighted average common shares of Arcan (each a "share") are the same in the first quarter of 2011 and the first and last quarters of 2010 as the Corporation incurred a loss in these periods.
- (4) The quarters ended March 31, 2010 and December 31, 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 of the MD&A.

Highlights since December 31st, 2010:

- Spudded four (3.6 net) horizontal wells and completed eight (7.4 net) horizontal multi-stage fractured oil wells during the first quarter;
- Re-configured ten horizontal wells with a new pumping system which has increased production rates;
- Produced 2,551 barrels of oil equivalent ("**BOE**") per day for the three months ended March 31, 2011, up 74 percent from 1,468 BOE per day for the three months ended March 31, 2010, but down from 2,800 BOE per day in the fourth quarter of 2010;
- Production was restricted by 600 BOE per day for most of the first quarter of 2011 due to a non-operated pipeline failure combined with some mechanical well performance issues, both of which have now been rectified;
- Increased operating netbacks to \$43.63 per BOE (revenue of \$79.74 per BOE and operating costs of \$19.46 per BOE), up 36 percent from \$32.18 per BOE in the first quarter of 2010 and up 25 percent from \$34.97 per BOE in the fourth quarter of 2010;
- Increased funds from operations 214 percent to \$8.9 million (\$0.10 per diluted share) in the first quarter of 2011 from \$2.8 million (\$0.06 per diluted share) in the first quarter of 2010 and 14 percent from \$7.8 million (\$0.09 per diluted share) in the fourth quarter of 2010;
- Completed a capital expenditure program of \$44.2 million, mainly in the Swan Hills area, including a 3D seismic shoot over a large portion of the Corporation's undeveloped land base. Capital expenditures are anticipated to be \$135 million overall for 2011;
- Raised \$86.3 million through the issuance of 6.25 percent convertible unsecured subordinated debentures that are due on February 28, 2016 (the "**Debentures**"); and
- Increased Arcan's credit facilities from \$100 million to \$120 million.

Less than 18 months ago, Arcan tested its first horizontal multi-stage fractured well drilled in the Swan Hills Beaverhill Lake play with initial test rates in excess of 600 BOE per day. Since the well began producing in March 2010 it has produced over 100,000 BOE comprised 90 percent of light oil. This well has performed as expected in initial simulation forecasts, and with pressure support from nearby water injectors, is producing approximately 200 BOE per day. Since the commencement of its horizontal multi-stage fracture program, Arcan has drilled 26 (23.1 net) wells, performed two (2.0 net) re-entry multi-stage fracture completions with two (2.0 net) additional re-entries awaiting fracture and Arcan is currently drilling wells number 31 and 32. Of these 32 (29.1 net) horizontal wells, 22 (19.5 net) are currently on production with one well shut in to allow for completion of another well on that pad-site and Arcan expects to complete the remaining nine (8.6 net) wells, including the two wells currently drilling, in the second and third quarters of 2011.

The Corporation has spearheaded the development of the Swan Hills Beaverhill Lake play, drilling more wells in the area than any of its competitors. Arcan's success in this area continues despite unexpected production declines in some of Arcan's horizontal wells. In order to rectify the unexpected declines, the Corporation conducted a thorough analysis of its drilling, completion and production operations, and as a result, made a number of changes, the most significant of which has been to design and implement a new oil pumping system. Arcan has re-configured a total of ten wells with this new pump design and estimates that the pump changes will be completed on all existing horizontal wells by the end of the second quarter of 2011, weather conditions permitting. These re-configured wells have an average production increases from 66 BOE per day to 166 BOE per day, at an average cost of \$150,000 per well and five days of lost production per well. Below is a table outlining results to date on the ten reconfigured wells:

Well UWI	Optimization Completed	30-Day Average Daily Production Prior to Optimization (Gross BOE)	Current Daily Production After Optimization (Gross BOE)
00/05-28-068-08W5/00	14-April-2011	35	160
00/13-30-068-08W5/00	8-May-2011	120	280
00/11-17-068-08W5/00	6-May-2011	50	140
00/06-30-068-08W5/00	16-May-2011	100	145
00/12-11-067-08W5/00	18-May-2011	85	190
00/12-16-067-08W5/00	18-May-2011	120	185
00/13-17-068-08W5/00	21-May-2011	30	125
00/06-20-068-08W5/00	22-May-2011	55	160
00/01-17-068-08W5/00	25-May-2011	45	110
00/09-30-068-08W5/00	22-May-2011	20	165

As at the date hereof, Arcan's production has grown to 3,900 BOE per day with additional production increases expected from pump modifications to the remaining existing wells and production additions from the seven wells that are currently awaiting fracturing plus the two wells that are currently drilling. Arcan anticipates it will commence multi-stage fracture completions on these wells in the first week of June, 2011. Going forward, Arcan will continue to make changes and improvements to its drilling and completion techniques all of which the Corporation anticipates will have a positive effect on production while simultaneously reducing drilling and completion costs.

Arcan's first quarter production for 2011 decreased by approximately 600 BOE per day due to mechanical well performance issues and the previously announced third party pipeline failure. Also, in the second quarter of 2011, the Corporation has experienced minor production issues in both Hamburg and the Swan Hills areas. In Hamburg, the Rainbow pipeline failed in late April, and as a result, Arcan had to truck its oil production out of the area. In the Swan Hills area, there was significant wildfire activity, culminating in the destruction of a portion of the town of Slave Lake. Consequently the Corporation evacuated drilling crews and field staff from the area, and continues to monitor the spread of fires with the potential for additional production shut-ins. Arcan is providing support to its staff and consultants, their families and affected communities. Due to these wildfires, Arcan experienced a few days of shut-in production, minor drilling delays, and fire damage to two power poles on its property. The Corporation anticipates production in the second quarter to average approximately 3,200 BOE per day.

In the first quarter of 2011, Arcan's funds from operations were \$8.9 million on a 2,551 BOE per day basis with an operating netback of \$43.63 per BOE. Operating netbacks increased as a result of oil prices rising to over \$83.33 per barrel with royalties at \$16.65 per BOE and operating costs of \$19.46 per BOE. These results compare to operating netbacks of \$32.18 per BOE in the first quarter of 2010 and \$34.97 per BOE in the fourth quarter of 2010. Operating costs were higher in the first quarter of 2011 based on ongoing well repair and work-over activity initiated during that time period.

As at March 31, 2011, Arcan had a \$4.4 million working capital deficiency plus \$86.3 million in Debentures outstanding. The Corporation issued the Debentures in February 2011 to provide it with five year convertible debt with no covenants. The funds from this financing will allow Arcan to expand its drilling program and prove up reserves without front-end dilution. The Debentures carry an interest rate of 6.25 percent and are convertible into Arcan shares at \$8.75 per share. Arcan has also increased its syndicated credit facilities to \$120 million from \$100 million, and is now fully funded through 2011, having the potential for growth within its credit facility and cash flow.

For 2011, Arcan has budgeted capital expenditures of \$135 million of which \$44.2 million was spent in the first quarter. The Corporation's 2011 budget contemplates adding 20 to 25 horizontal wells, as well as, building pipeline and waterflood infrastructure. Arcan estimates average production for 2011 to reach

4,000 BOE per day with an exit rate of 5,000 BOE per day, and also expects that by early in 2012, it will significantly expand its water injection from the Deer Mountain Unit #2 (the "**Unit**") into the Ethel area. In preparation for this expansion, Arcan has begun construction of production infrastructure to tie Ethel wells into the Unit's existing oil handling facilities. Arcan's drilling operations for the remainder of 2011 will be focused on undeveloped lands covering a large portion of township 67 which surrounds Arcan's Ethel oil pool. With only two horizontal wells both drilled by Arcan in this eight mile long stretch of the Swan Hills play at the end of 2010, the Corporation believes that it will significantly enhance its reserve bookings by the end of 2011 while continuing to expand outside of the main area of its 2010 activities.

The essence of Arcan's story is simple, but with impressive upside. The Corporation owns 150 net sections of land on the Swan Hills Beaverhill Lake light oil play that has been well-established since the 1960's, and waterflood recoveries of 40 percent of the original oil-in-place have been demonstrated throughout the area. The Swan Hills play was economically viable prior to Arcan's application of its horizontal, multi-stage fracture program and the application of this new technology has provided robust additions to the economics of the play. There have been, and likely will continue to be, modifications to the application of these new technologies. Early in 2010, Arcan focused its drilling efforts close to existing facilities, and is now expanding into its undeveloped Ethel area land. Furthermore, to determine whether the horizontal multi-stage fracture application would be effective in different areas over its land block, Arcan drilled or re-entered old well bores over 30 kilometres across in the Swan Hills play with positive results. Arcan believes that additional time, talent and modifications applied to drilling and completions by Arcan and others will continue to directly benefit the Corporation's asset base. Arcan estimates that the combination of increased cash flow, larger credit facilities, and funds from the Debenture financing will provide the necessary resources to support its ongoing use of two drilling rigs. With these two rigs currently drilling and a large, defined inventory at the forefront of an emerging light oil play, the Swan Hills area will continue to transform Arcan through 2011 and beyond.

Arcan's MD&A together with the first quarter financial statements which, as of January 1, 2011, now employ International Financial Reporting Standards ("**IFRS**"). Arcan has provided IFRS accounting policies and prepared reconciliations between previous Canadian generally accepted accounting principles ("**GAAP**") and IFRS in the notes to its first quarter financial statements and comparative numbers for 2010 have also been updated to reflect IFRS changes. These changes have not had an impact on the operating assets of Arcan but have significantly modified Arcan's financial statements and related notes. Further information on the impact of the changeover to IFRS is provided in the "Accounting Policies" section of the MD&A.

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.

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 financial statements for the first quarter of 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 financial statements for the three months ended March 31, 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 weighted average number of 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, realized economic hedging losses, general and administrative and interest income and 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.

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 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 "Results of Operations – Netbacks" section of the MD&A 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	Quarter ended		
	\$ thousands	March 31, 2011	March 31, 2010
Cash flow from (used in) operating activities (per IFRS)	8,889	2,549	8,044
Change in non-cash working	(9)	(278)	(285)
Funds from operations	8,880	2,827	7,759

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; Arcan's new pump design and the timing and reconfiguration of Arcan's wells; 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; Arcan's reserves bookings; expectations relating to shareholder value; changes and improvements to Arcan's drilling and completion techniques; 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; 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; 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's pump reconfiguration may not be completed in the timelines anticipated, in the manner anticipated or at all and, upon completion, such reconfigurations may not have the result currently anticipated by Arcan; shareholder value may not be maximized in the manner anticipated 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; 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; 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.