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Yangarra Announces First Quarter 2011 Financial and Operating Results

May 25, 2011

Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSXV:YGR) is pleased to announce its financial and operating results for the three months ended March 31, 2011.

Highlights and accomplishments in the first quarter of 2011 included

- Oil and gas sales during Q1 2011 were \$3.6 million and cash flow from operations was \$2.5 million (\$0.03 per share), a 27% and 62% increase from the fourth quarter of 2010, respectively
 - Production increased by 13% from the fourth quarter
 - 42% of production was generated from oil and NGL's
 - 82% of our production came from the Willesden Green/Ferrier area
- Production and transportation costs dropped in the first quarter of 2011 to \$8.26 per boe from \$11.60 in Q4, 2010
 - Operating costs in the Willesden Green/Ferrier area were \$7.53/boe in the first quarter
- The Q1 2011 field netback of \$37.95 per boe is a 32% increase from the \$28.84 per boe reported in the fourth quarter
- Capital expenditures of \$18.1 million, the focus of the Q1 capital program was the drilling of wells in Central Alberta.
 - \$14.2 million spent on the drilling and completion of 9 gross (4.0 net) wells as well as the completion and tie in of 2.0 (1.7 net) wells from the 2010 drilling program
 - \$1.3 million was spent on land, increasing our future drilling inventory to 123 gross (70.0 net) locations, representing a 171% increase from year-end on a net basis, and this was increased to 134 gross (78.0 net) after the end of the quarter
 - \$2.3 million spent on equipment purchases and infrastructure development during the quarter

Operations Update

Willessden Green area

- Yangarra drilled a total of 4 gross (2.84 net) horizontal (HZ) Glauconite wells. 2.0 wells (2.0 net) were completed during the quarter and were tied into facilities with initial production during the first 30 days (IP 30) of 324 and 527 boe/d, respectively, (35% oil and NGL's). The wells were completed with a water based foam/surfactant fracture

stimulation with initial flow rates deliberately restricted to confirm the Company's theory that pressure decline during the initial 90 days of production should be more gradual. Of the two remaining Glaucinite wells, one has been fracture stimulated with similar test results to previous wells and the second well will be completed by the end of May. Both of these wells have been connected by pipeline and will be produced into the Keyera plant at Rimbey once the completions are finished. The Keyera plant will significantly increase NGL recoveries from these wells.

- In addition, the Company participated in 1 gross (0.50 net) HZ Cardium well which has been fracture stimulated and is currently in the process of being tied into facilities and 1 gross (0.20 net) HZ Viking well which is scheduled to be fracture stimulated by the end of May and will be tied into facilities shortly thereafter.

Ferrier area

- Yangarra participated in 1 gross (0.15 net) Glaucinite well which is scheduled to be fracture stimulated by the end of May.
- In addition, Yangarra participated in 2 gross (0.47 net) HZ Cardium wells one of which was fracture stimulated with a water based foam/surfactant stimulation and the second well fractured using a oil based facture stimulation. Both wells are expected to be tied into facilities and placed on-stream by mid June.

Land Purchases/Acquisitions

- Yangarra continued to accumulate quality perspective acreage in Central Alberta during Q1 with 11.25 sections purchased during the quarter and an additional 9.25 sections after the end of the quarter for a total of 20.5 sections at recent crown sales.
- Yangarra also closed a minor property acquisition on Willesden Green during the quarter.
- Total drilling inventory now consists of 134 gross (78.0 net) locations, representing a 202% increase from year end 2010.

Hedging program

- A total of 400 bbl/d of oil hedged for the remainder of 2011
 - 200 bbl/d at an average swap price of \$93.92/bbl CAD
 - 200 bbl/d in a costless collar range of \$95.00-\$113.50/bbl CAD
- A total of 600 bbl/d of oil hedged for 2012
 - 100 bbl/d swap priced at \$99.00/bbl CAD
 - 100 bbl/d swap priced at \$102.00/bbl CAD
 - 200 bbl in a costless collars with a range of \$95.00-\$109.57/bbl CAD
 - 200 bbl/d in a costless collar priced at \$100.00-\$113.00/bbl CAD

Current Production

- 1,100 boe/d with approximately 900 boe/d of flush behind pipe volumes all of which are expected to be on production by mid June.

Future Development

- The post breakup drilling program has commenced with the spud of the Yangarra operated Rock Creek HZ well in Willesden Green on May 18, 2011.
- During the remainder of 2011 Yangarra will continue to advance its \$50 million capital budget focused in Central Alberta. The remainder of the drilling program includes 22 gross (10 net) wells with a portion of capital allocated to land and equipment.

The following tables summarize the Company's financial and operating statistics for the three months ended March 31, 2011.

Operating / Production Summary

	2011 Q1	Q4	2010 Q1
Daily production volumes			
Natural gas (mcf/d)	2,978	2,564	2,018
Oil (bbl/d)	258	260	9
NGL's (bbl/d)	86	54	13
Royalty income (boe/d)	23	19	-
Combined (boe/d 6:1)	863	761	358
Product pricing			
Oil (\$/bbl)	\$ 86.66	\$ 80.54	\$ 78.39
NGL (\$/bbl)	\$ 62.53	\$ 62.30	\$ 61.36
Gas (\$/mcf)	\$ 3.87	\$ 3.93	\$ 4.82
Combined (\$/boe)	\$ 46.70	\$ 40.94	\$ 31.30
Revenue			
Petroleum & natural gas sales - Gross	\$ 3,628,974	\$ 2,864,802	\$ 1,009,188
Royalty income	\$ 104,430	\$ 93,882	-
Royalty expense	\$ (143,368)	\$ (128,984)	\$ 40,588
Petroleum & natural gas sales - Net	\$ 3,590,036	\$ 2,829,700	\$ 1,049,776

	2011 Q1	Q4	2010 Q1
Production by Area (boe/d)			
Willesden Green/Ferrier	681	546	54
Willesden Green/Ferrier - royalty income	23	19	-
Medicine Hat	70	87	94
Jaslan	80	98	206
Other	10	11	4
Total	863	761	358

Netback Summary

	2011 Q1	Q4	2010 Q1
Revenues	\$ 46.70	\$ 40.94	\$ 31.30
Royalty income	1.34	1.34	-
Royalty expense	(1.85)	(1.84)	(1.26)
Production costs	(7.36)	(10.56)	(8.47)
Transportation costs	(0.90)	(1.04)	(1.52)
Netback per boe	\$ 37.95	\$ 28.83	\$ 20.05

Financial Summary

	2011 Q1	Q4	2010 Q1
Statement of Operations and Deficit			
Net (loss) income for the period	\$ (2,230,631)	\$ (183,574)	\$ (147,119)
Net (loss) income per share - basic	\$ (0.03)	\$ 0.00	\$ 0.00
Net (loss) income per share - fully diluted	\$ (0.02)	\$ 0.00	\$ 0.00
Weighted average number of shares - basic	85,987,807	73,869,598	39,876,895
Weighted average number of shares - fully diluted	93,649,398	80,497,022	39,876,895
Statement of Cash Flows			
Funds flow from operations	\$ 2,535,251	\$ 1,567,756	\$ 410,168
Funds flow from operations per share - basic	\$ 0.03	\$ 0.02	\$ 0.01
Funds flow from operations per share - fully diluted	\$ 0.03	\$ 0.02	\$ 0.01

	2011 Q1	Q4	2010 Q1
Balance Sheet			
Property and equipment	\$80,990,090	\$63,263,452	\$40,987,140
Total assets	\$87,597,721	\$68,373,813	\$42,817,351

Capital Expenditures

	2011 Q1	Q4	2010 Q1
Land and lease rentals	\$ 1,339,435	\$ 3,827,343	\$ 1,411,343
Drilling and completion	14,286,734	10,593,594	1,997,955
Geological and geophysical	170,632	190,640	125,432
Equipment	2,327,862	2,148,426	265,116
	\$18,124,663	\$16,760,003	\$ 3,799,846

Disclosure Items

The Company's financial statements, notes to the financial statements and management's discussion and analysis have been filed on SEDAR (www.sedar.com) and are available on the Company's website (www.yangarra.ca).

The Company's Annual General Meeting of Shareholders is scheduled for 10:00 AM on Thursday May 26, 2011 in the Plaza Room - Metropolitan Centre, 333-4th Avenue SW, Calgary, AB.

For further information, please contact James Glessing, Chief Financial Officer, at (403) 262-9558.

Natural gas has been converted to a barrel of oil equivalent (Boe) using 6,000 cubic feet (6 Mcf) of natural gas equal to one barrel of oil (6:1), unless otherwise stated. The Boe conversion ratio of 6 Mcf to 1 Bbl is based on an energy equivalency conversion method and does not represent a value equivalency; therefore Boe's may be misleading if used in isolation. References to natural gas liquids ("NGLs") in this news release include condensate, propane, butane and ethane and one barrel of NGLs is considered to be equivalent to one barrel of crude oil equivalent (Boe). One ("BCF") equals one billion cubic feet of natural gas. One ("Mmcf") equals one million cubic feet of natural gas. Operating netbacks are calculated as revenue from all products less operating costs.

Forward looking information

Certain information regarding Yangarra set forth in this news release, including management's assessment of future plans, operations and operational results may constitute forward-looking statements under applicable securities law and necessarily involve risks associated with oil and gas exploration, production, marketing and transportation such as loss of market, volatility of prices, currency fluctuations, imprecision of reserves estimates, environmental risks, competition from other producers and ability to access sufficient capital from internal and external sources. As a consequence, actual results may differ materially from those anticipated in the forward-looking statements.

All reference to \$ (funds) are in Canadian dollars.

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