



Suite 1530, 715 – 5 Avenue S.W. Calgary, Alberta T2P 2X6  
Phone: (403) 262-9558 Fax: (403) 262-8281

Webpage: [www.yangarra.ca](http://www.yangarra.ca)

Email: [info@yangarra.ca](mailto:info@yangarra.ca)

---

### **For Immediate Release**

## **Yangarra Provides Operations Update**

**July 25, 2011**

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSXV:YGR) is pleased to provide its mid-year operations update.

Yangarra resumed its drilling program on May 17<sup>th</sup> and has since drilled two (2.0 net) operated wells and participated in two (0.42 net) non-operated wells.

Extremely wet weather in Central Alberta during the second quarter has resulted in a 4-5 week delay getting previously drilled wells on-stream. In addition, two horizontal ("HZ") wells were shut in for a portion of the second quarter due to ERCB redesignation of a gas pool to oil pool status. The Company has applied for a holding for the oil pool to allow the wells to be placed back on-stream. Average production for the second quarter is expected to be 950 boe/d (45% Oil & NGL's).

Yangarra has now drilled or participated in eighteen (10.8 net) HZ wells since inception of its HZ drilling program in March of 2010 (100% success) with the 19<sup>th</sup> well (31.875% w.i.) currently being drilled. Seven of the HZ wells (4.8 net) are currently on production, which together with Yangarra's legacy gas production provides current production of 1,100 boe/d. Another seven of the HZ wells (4.4 net) have been completed and tested, and are currently in the process of being tied into facilities. The Company expects an additional 900 boe/d net to Yangarra from these wells in August. The remaining four HZ wells (1.6 net) will be completed and tied into facilities and are expected to be on-stream by the end of summer.

The Company plans to drill an additional thirteen (7.6 net) wells over the remainder of 2011 and remains confident it will meet the 2011 exit production guidance of 2,500 boe/d. To ensure the Company can implement this 2011 capital program, an additional drilling rig has been contracted to commence drilling September 1, 2011. The Company will release its 2012 budget in November of this year.

Yangarra is expanding its exposure to lower risk resource based plays outlined below (Yangarra's land base in Central Alberta is characterized by multiple reservoirs; therefore, acres calculated by reservoir and described below will total more than the actual land base of the Company in Central Alberta).

### **Glauconite Formation**

The Company has now drilled or participated in seven HZ Glauconite wells, with four wells (including two wells shut-in pending ERCB holding review) remaining to be put on-stream. The Company has 28,454 gross (15,328 net) acres of Glauconite rights and 56 gross (39.5 net) future drilling locations currently identified on that land base.

### Cardium Formation

The Company has now drilled or participated in nine HZ Cardium wells with five wells remaining to be put on-stream. The Company has 17,389 gross (9,907 net) acres of Cardium rights and 26 gross (11.6 net) future drilling locations currently identified on that land base.

### Rock Creek Formation

The Company recently completed its initial HZ well into the Rock Creek formation and flow tests from the well were better than anticipated with the well scheduled to be on-stream in early August. The Company has 25,293 gross (11,856 net) acres of Rock Creek rights and 25 gross (13.6 net) future drilling locations currently identified on that land base.

### Second White Specks Formation

The Company recently re-entered a vertical well (100% w.i.), perforated the Second White Specks formation, and conducted a flow test on the un-stimulated reservoir. The well produced commercial quantities of oil from the formation during the flow test and the Company intends to perform a fracture stimulation on the well to further evaluate the productive capability of the reservoir. Yangarra has 24,502 gross (14,071 net) acres of Second White Specks rights and has 25 gross (13.6 net) future drilling locations identified. The Company has scheduled a horizontal well targeting Second White Specks in the fourth quarter of 2011.

### Viking Formation

The Company has participated in one Viking HZ well which will be fracture stimulated by month end and will be tied into facilities shortly thereafter. The Company has 25,134 gross acres (14,496 net) acres of Viking rights in Central Alberta and is currently identifying potential drilling locations.

### Other Formations

The Company has accumulated 28,454 acres (15,328 net) of Ellerslie rights and 9,959 acres (7,380 net) of Duvernay rights. No wells are scheduled in these formations in the 2011 capital budget; however, the Company is currently identifying potential drilling locations for future capital programs.

### Hedging program

Yangarra's capital program for the remainder of 2011 and 2012; is based on \$90/bbl WTI oil, in order to protect the future cash flow streams required for these capital expenditures, the Company has structured a strong hedging program for 2011 – 2013.

- 400 bbl/d of oil is hedged for the remainder of 2011, with an additional 300 bbl/d hedged for the fourth quarter of 2011. The hedges are in various instruments with an average floor from \$93.65/bbl – \$95.00/bbl WTI in Canadian Funds (“CAD”).
- A total of 800 bbl/d of oil is hedged for 2012 in various instruments with an average floor from \$95.00/bbl – \$100.00/bbl WTI CAD.
- A total of 200 bbl/d of oil is hedged for 2013 in various instruments with an average floor of \$98.00/bbl WTI CAD.

## Second Quarter Results

The Company's second quarter financial and operating results will be released on August 25, 2011.

For further information, please contact James Evaskevich, President and CEO at (403) 262-9558.

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.*

*Neither the TSX Venture Exchange nor its Regulation Service Provider (as that term is defined in the Policies of the TSX Venture Exchange) accepts responsibility for the adequacy and accuracy of this release.*