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## **Yangarra Announces Third Quarter 2011 Financial and Operating Results**

**November 23, 2011**

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSXV:YGR) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2011.

### Highlights and accomplishments in the third quarter of 2011 included:

- Average daily production was 1,253 boe/d (45% oil and NGL's), which is a 29% increase from the second quarter
- Net income before tax of \$5.1 million, which included \$3.7 million of mark-to-market hedging gains (\$0.8 million realized, \$2.9 million unrealized)
- Oil and gas sales during quarter were \$5.4 million with cash flow from operations of \$5.0 million (\$0.04 per share - basic) a 20% and 53% increase from the second quarter of 2011, respectively
- Operating costs, including \$1.01/boe of transportation costs, were \$7.45/boe
- General and Administrative ("G&A") costs of \$2.13/boe and interest expense of \$0.60/boe for the third quarter
- Operating netback of \$38.59 per boe, a 1% decrease from the \$39.11 per boe reported in the second quarter of 2011 (realized petroleum and natural gas prices dropped 5%)
- Capital expenditures were \$19 million in the quarter and are \$44 million year to date
- As at September 30, 2011, the Company had a working capital deficit of \$17,151,895 resulting in a debt to annualized trailing quarter cash flow ratio of 0.86 to 1

### Fourth 2011 Quarter Activities and Guidance

- Current production is approximately 1,850 boe/d (45% oil and NGL's)
- Yangarra has allocated a capital budget of \$11.0 million to Q4 for a total of \$55.0 million for the year
- Fourth quarter production is expected to average between 1,700 and 2,000 boe/d
- Exit production forecast to be in excess of 2,500 boe/d

### Operations Update

- 30 gross (18.3 net) wells drilled in since March 2010
  - 18 wells drilled and operated by Yangarra

- 7 gross (3 net) wells that were drilled prior to the fourth quarter will be placed on-stream during Q4 representing 650 boe/d net production
- 3 gross (0.62 net) wells currently drilling, two operated by Yangarra and one by Bonavista Energy
- 5 gross (1.2 net) wells scheduled to be drilled prior to year end
- Significant increase in Gross Overriding Royalty income (15% SS GORR) with a total of 14 gross wells on the override lands either on-stream, drilling or planned by year end

#### Drilling Summary from March 2010 to present

- 13 gross (7.5 net) horizontal wells have been drilled in the Glauconite formation
- 12 gross (6.6 net) horizontal wells have been drilled in the Cardium formation
- 1 gross (1.0 net) horizontal well has been drilled in the Rock Creek formation
- 1 gross (1.0 net) horizontal well has been drilled in the Second White Specks formation
- 1 gross (0.2 net) horizontal well has been drilled in the Viking formation
- 2 gross (2.0 net) vertical wells drilled into the Viking formation

#### Land Summary

- Purchased 92 net sections of land during 2011 for a total land cost of \$3.0 million
- Added 71 drilling locations during 2011
- Established a significant land position in the emerging Duvernay resource play of 71 gross (67 net) sections however no capital for drilling is allocated in 2012

#### 2012 Capital Budget and Guidance

The Board of Directors has approved a \$50.0 million 2012 capital budget, outlined as follows:

- 22 Gross (11.3 net) horizontal wells to be drilled in Central Alberta
  - 85% allocated to drilling the Glauconite and Cardium formations
- The budget is fully funded with cash flow and the current credit facility while maintaining a debt to annualized trailing quarter cash flow of less than 1 to 1

The metrics and assumptions for 2012 are summarized below:

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Production (boe/d)	
Annual Average	2,500 – 3,000
Exit	3,250
Cash flow from operations, excluding G&A (\$millions)	\$30 – \$40
Capital expenditures (\$millions)	\$50
Operating Netback	\$35.00 - \$40.00/boe
Pricing Assumptions (annual average)	
Crude oil – WTI	\$85.00/bbl
Natural Gas Liquids	\$65.00/bbl
Natural Gas	\$3.75/mcf

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## Hedging program

In order to protect the future cash flow streams required for future capital expenditures, the Company has structured a strong hedging program for 2011 – 2013:

- 700 bbl/d of oil is hedged for the remainder of 2011 in various instruments with floors from \$93.85/bbl – \$95.00/bbl WTI in Canadian Funds (“CAD”).
- 900 bbl/d of oil is hedged for 2012 in various instruments with floors from \$90.00/bbl – \$100.00/bbl WTI CAD.
- 200 bbl/d of oil is hedged for 2013 in various instruments with a floor of \$98.00/bbl WTI CAD.
- 2,000 mmbtu/day of AECO Basis for Nov11-Mar12 at a price ranging from -\$0.38 to -\$0.42 USD/mmbtu.

## Operations Summary

	2011		2010	Nine months ended	
	Q3	Q2	Q3	2011	2010
<b>Daily production volumes</b>					
Natural gas (mcf/d)	4,161	3,594	2,092	3,582	1,995
Oil (bbl/d)	384	265	151	303	65
NGL's (bbl/d)	132	103	34	107	20
Royalty income (boe/d)	44	8	-	25	-
Combined (boe/d 6:1)	1,253	975	536	1,032	417
<b>Product pricing (includes royalty income)</b>					
Oil (\$/bbl)	\$89.25	\$100.30	\$ 69.39	\$ 92.34	\$ 69.80
NGL (\$/bbl)	\$54.00	\$64.69	\$ 50.93	\$ 61.64	\$ 52.47
Gas (\$/mcf)	\$3.93	\$3.99	\$ 3.63	\$ 3.90	\$ 4.00
Combined (\$/boe)	\$47.85	\$48.71	\$ 36.93	\$ 47.81	\$ 32.25
<b>Revenue</b>					
Petroleum & natural gas sales - Gross	\$ 5,378,932	\$ 4,319,204	\$ 1,821,333	\$ 13,186,832	\$ 3,669,575
Royalty income	\$ 137,243	\$ 35,848	\$ -	\$ 277,521	\$ -
Royalty expense	\$ (209,529)	\$ (56,547)	\$ 32,375	\$ (409,444)	\$ (36,325)
Petroleum & natural gas sales - Net	\$ 5,306,646	\$ 4,298,505	\$ 1,853,708	\$ 13,054,909	\$ 3,633,250

## Operating Netbacks

	2011		2010	Nine months ended	
	Q3	Q2	Q3	2011	2010
Revenues	\$ 46.31	\$48.31	\$ 36.93	\$ 46.82	\$ 32.25
Royalty income	1.55	0.40	-	0.99	-
Royalty expense	(1.82)	(0.64)	0.66	(1.45)	(0.32)
Production costs	(6.44)	(7.92)	(9.79)	(7.16)	(9.51)
Transportation costs	(1.01)	(1.03)	(1.44)	(0.98)	(1.45)
Netback per boe	\$ 38.59	\$ 39.11	\$ 26.36	\$ 38.20	\$ 20.97

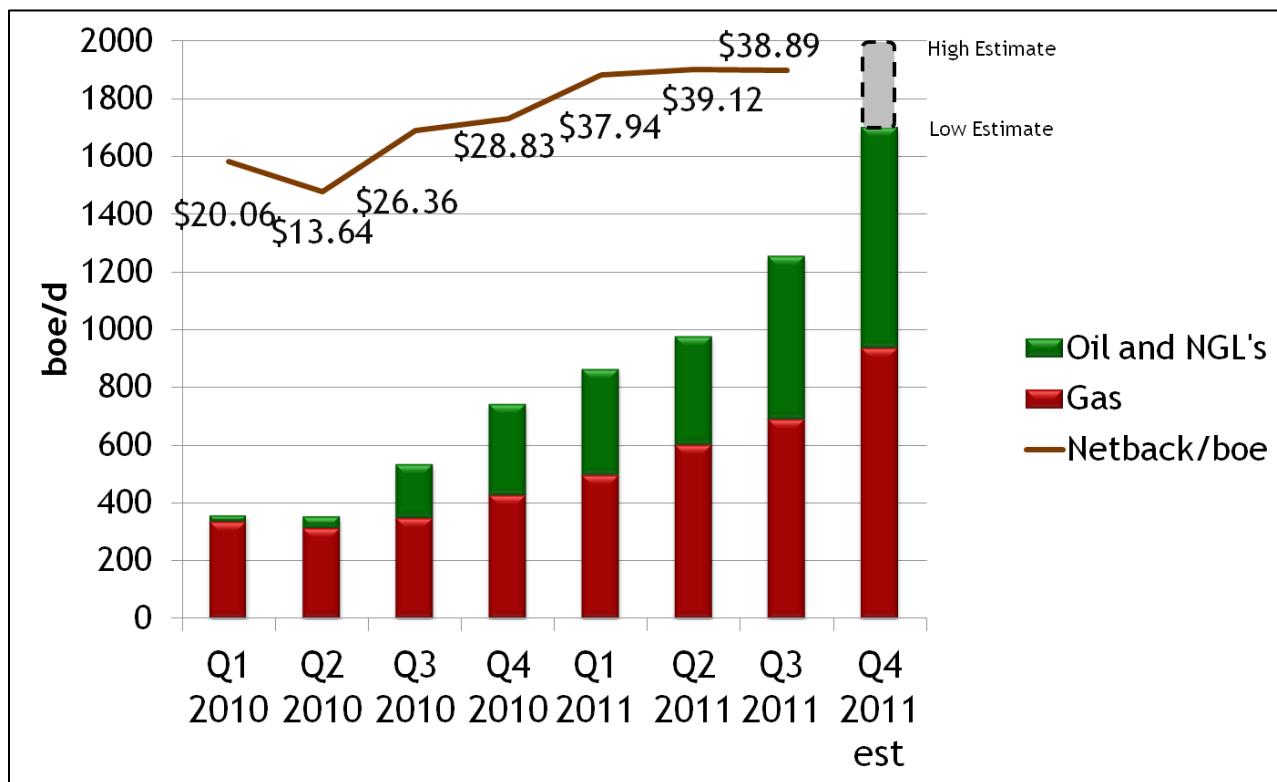
## Financial Summary

	2011		2010	Nine months ended	
	Q3	Q2	Q3	2011	2010
<b>Statement of Operations and Deficit</b>					
Net income (loss) for the period (before tax)	\$ 5,424,074	\$ 3,473,637	\$ (228,916)	\$ 8,015,045	\$ (1,561,576)
Net income (loss) for the period	\$ 4,106,091	\$ 1,665,821	\$ (228,916)	\$ 3,541,281	\$ (1,561,576)
Net income (loss) per share - basic	\$ 0.04	\$ 0.02	\$ 0.00	\$ 0.03	\$ (0.03)
Net income (loss) per share - fully diluted	\$ 0.03	\$ 0.01	\$ 0.00	\$ 0.03	\$ (0.03)
Weighted average number of shares - basic	116,307,057	110,566,483	60,713,460	102,463,623	52,092,914
Weighted average number of shares - fully diluted	124,209,770	119,146,456	60,713,460	110,610,772	52,092,914
<b>Statement of Cash Flows</b>					
Funds flow from operations	\$ 4,967,853	\$ 3,151,665	\$ 921,972	\$ 10,654,769	\$ 1,391,530
Funds flow from operations per share - basic	\$ 0.04	\$ 0.03	\$ 0.02	\$ 0.10	\$ 0.03
Funds flow from operations per share - fully diluted	\$ 0.04	\$ 0.03	\$ 0.02	\$ 0.10	\$ 0.03
<b>Balance Sheet</b>					
Property and equipment				\$ 104,908,393	\$ 46,227,804
Total assets				\$ 118,260,567	\$ 48,811,304

## Capital Expenditures

	2011		2010	Nine months ended	
	Q3	Q2	Q3	2011	2010
Land and lease rentals	\$ 953,884	\$ 748,282	\$ 171,954	\$ 3,041,601	\$ 1,621,955
Drilling and completion	14,892,270	4,901,729	1,475,332	34,080,733	6,184,122
Geological and geophysical	359,277	255,136	135,617	785,045	314,943
Equipment	2,799,884	1,255,508	906,146	6,383,254	2,124,449
	\$ 19,005,315	\$ 7,160,655	\$ 2,689,049	\$ 44,290,633	\$ 10,245,469

## Quarterly Production and Operating Netback Graph



## 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](http://www.sedar.com)) and are available on the Company's website ([www.yangarra.ca](http://www.yangarra.ca)).

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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