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## **Yangarra Announces Year-end 2010 Reserves and Provides Operations Update**

**March 21, 2011**

**Yangarra Resources Ltd.** ("Yangarra" or the "Corporation") (TSX Venture: "YGR") is pleased to announce the results of its independent reserves evaluation effective December 31, 2010 as prepared by AJM Petroleum Consultants ("AJM") in accordance with the requirements prescribed by National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities.

### **Reserve Report Highlights**

- Proved plus Probable reserves, net present value discounted at 10% ("NPV 10") at December 31, 2010 was \$80.7 million, an increase of 113% compared from the NPV 10 amount at year-end 2009 of \$37.9 million.
- An independent third party land evaluation completed by Seaton-Jordan & Associates Ltd, valued the Company's undeveloped land at \$10.4 million, at December 31, 2010.
- Increase of 268% in oil and natural gas liquids for Proved plus Probable reserves to 1,805 mbbl, resulting from success in Central Alberta. Proved plus Probable reserves increased by 78% to 5.054 million barrels of oil equivalent (5,054 Mboe) at December 31, 2010 compared to (2,841 Mboe) at December 31, 2009.
- Increase of 78% in Proved reserves to 2,450.9 mboe, including a 372% increase in oil and liquids reserves to 887 mbbl.
- Replaced 2010 production by 723% on a Proved basis and 1379% on a Proved plus Probable basis.
- The Company's reserve life index is approximately 9.3 years on a proved plus probable basis and 5.3 years on proved basis.
- Finding, development and acquisition costs on a proved plus probable basis were \$11.73 per boe excluding changes in future development capital.
- Net Asset Value of \$79.9 million as at December 31, 2010, calculated to be \$1.00 per basic common share.
- AJM has been retained to complete an evaluation of possible Yangarra reserves ("3P") in Central Alberta; the report is expected in April 2010.

## Operations Update

### 2010

- Drilled 6 horizontal wells (4.7 net) during 2010 in Central Alberta
- Four of those horizontal wells were on-stream at year-end
- Fourth quarter production was approximately 760 boe/d (42% liquids)
- Operating netback of \$28.83/boe during the fourth quarter <sup>(1)</sup>

### 2011

- 9.0 horizontal wells (4.0 net) drilled or drilling in Q1 2011
- 4.0 wells placed onstream to date during 2011 (3.68 net) includes 2.0 standing horizontal wells drilled in 2010
- 7.0 wells (2.0 net) currently in various stages of drilling, completion or tie in
- Increased horizontal drilling inventory to 123.0 gross (70.2 net) through recent land purchases in Central Alberta
- \$50 million capital budget for 2011
- Average production for the first quarter expected to be 860 boe/d
- Current production is approximately 1,400 boe/d

#### Notes

- (1) Operating net back calculated as oil and gas revenue less net royalties less operating & transportation costs

## Oil and Gas Reserves

The following tables summarize certain information contained in the independent reserves report prepared by AJM as of December 31, 2010. The report was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook") and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR by April 30, 2011.

### Company Gross and Net Oil and Gas Reserves *(based on forecast price and costs)*

Reserves Category	Light and Medium Oil		Natural Gas Liquids		Natural Gas		Barrels of oil equivalent	
	W.I. Gross (Mbbbl)	Co.Share Net (Mbbbl)	W.I. Gross (Mbbbl)	Co.Share Net (Mbbbl)	W.I. Gross (MMcft)	Co.Share Net (MMcft)	W.I. Gross (Mboe)	Co.Share Net (Mboe)
Proved Developed Producing	207.7	187.5	42.0	33.7	1,822.1	1,712.6	553.4	506.5
Proved Developed Non-Producing	99.9	84.8	4.9	4.6	862.1	783.5	248.5	219.9
Proved Undeveloped	364.4	307.0	167.7	141.9	6,701.1	6,228.8	1,649.0	1,487.0
<b>Total Proved</b>	<b>672.1</b>	<b>579.2</b>	<b>214.6</b>	<b>180.1</b>	<b>9,385.2</b>	<b>8,724.9</b>	<b>2,450.9</b>	<b>2,213.5</b>
<b>Probable</b>	<b>664.6</b>	<b>523.7</b>	<b>253.4</b>	<b>207.7</b>	<b>10,112.3</b>	<b>9,298.4</b>	<b>2,603.4</b>	<b>2,281.1</b>
<b>Total Proved Plus Probable</b>	<b>1,336.7</b>	<b>1,102.9</b>	<b>468.0</b>	<b>387.8</b>	<b>19,497.5</b>	<b>18,023.2</b>	<b>5,054.3</b>	<b>4,494.6</b>

Notes to table:

- (1) In the case of *BOEs*, using *BOEs* derived by converting *gas* to *oil equivalent* in the ratio of six thousand cubic feet of *gas* to one barrel of *oil* (6 *Mcf*:1 *bbl*)
- (2) Total values may not add due to rounding
- (3) Working Interest Gross reserves consists of Yangarra's working interest (operated and non-operated) share before deduction of royalties payable and without including royalties receivable by the Company
- (4) Company Share Net reserves means Yangarra's working interest (operated and non-operated) share after the deduction of royalty obligations, plus Yangarra's royalty interest reserves
- (5) Forecast pricing used is based on AJM published price forecasts effective December 31, 2010

Net Present Values of Future Net Revenue (Before Tax)

*(based on forecast price and costs)*

Reserves Category	0.0% (M\$)	5.0% (M\$)	10.0% (M\$)	15.0% (M\$)	20.0% (M\$)
Proved Developed Producing	16,030.0	14,754.7	13,733.7	12,887.8	12,171.9
Proved Developed Non-Producing	7,925.4	6,822.7	5,995.7	5,357.4	4,852.3
Proved Undeveloped	29,535.6	22,527.1	17,426.7	13,616.6	10,703.7
<b>Total Proved</b>	<b>53,491.1</b>	<b>44,104.5</b>	<b>37,156.1</b>	<b>31,861.1</b>	<b>27,727.9</b>
<b>Probable</b>	<b>80,680.7</b>	<b>58,036.3</b>	<b>43,514.3</b>	<b>33,646.7</b>	<b>26,629.0</b>
<b>Total Proved Plus Probable</b>	<b>134,171.8</b>	<b>102,140.8</b>	<b>80,670.4</b>	<b>65,508.5</b>	<b>54,356.9</b>

Notes to table:

- (1) Total values may not add due to rounding
- (2) Forecast pricing used is based on AJM published price forecasts effective December 31, 2010
- (3) Cash flows include the effects of the current Alberta Royalty Framework. The estimated future net reserves are stated before deducting future estimated site restoration costs and are reduced for future abandonment costs and estimated capital for future development associated with the reserves
- (4) It should not be assumed that the net present values of future net revenues estimated by AJM represent fair market value of the reserves. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material

Reserve Definitions:

- (a) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.
- (b) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- (c) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
- (d) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- (e) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
- (f) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.
- (g) The Net Present Value (NPV) is based on AJM Forecast Pricing and costs. The estimated NPV does not necessarily represent the fair market value of our reserves. There is no assurance that forecast prices and costs assumed in the AJM evaluations will be attained, and variances could be material.

## Finding and Development Costs (“F&D”)

Yangarra’s F&D costs for 2010, 2009 and the three year average are presented in the tables below. The costs used in the F&D calculation are the capital costs related to: land acquisition and retention; drilling; completions; tangible well site; tie-ins; and facilities, plus the change in estimated future development costs as per the independent reserve report, inclusive of the effects of the Alberta Drilling Royalty Credit program. Acquisition costs are net of any proceeds from dispositions of properties. Due to the timing of capital costs and the subjectivity in the estimation of future costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year. The reserves used in this calculation are company gross reserve additions, including revisions. The 2010 costs are unaudited as the financial results are in the process of being finalized; and, are subject to change upon completion of the audited financial statements.

### **Proved Finding & Development Costs (\$ millions)**

	<b>2010</b>	<b>2009</b>	<b>2010 - 2008</b>
Capital expenditures	\$22.2	\$1.6	\$29.6
Change in future capital	17.1	2.4	18.2
Total capital for F&D	\$39.3	\$4.0	\$47.8
Reserve additions (mboe)	1,141	283	1,401
Proved F&D costs – including future capital (\$/boe)	<b>\$34.38</b>	<b>\$14.18</b>	<b>\$34.42</b>
Proved F&D costs – excluding future capital (\$/boe)	<b>\$19.43</b>	<b>\$5.70</b>	<b>\$21.31</b>
Recycle Ratio (excludes future capital)	1.22	2.07	

### **Proved plus Probable Finding & Development Costs**

	<b>2010</b>	<b>2009</b>	<b>2010 - 2008</b>
Capital expenditures	\$22.2	\$1.6	\$29.6
Change in future capital	30.9	5.4	33.1
Total capital for F&D	\$53.1	\$7.0	\$62.7
Reserve additions (mboe)	1,891	502	2,562
Proved plus Probable F&D costs – including future capital (\$/boe)	<b>\$28.08</b>	<b>\$14.00</b>	<b>\$24.74</b>
Proved plus Probable F&D costs – excluding future capital (\$/boe)	<b>\$11.73</b>	<b>\$3.21</b>	<b>\$11.67</b>
Recycle Ratio (excludes future capital)	2.02	3.67	

## Net Asset Value (“NAV”)

As at December 31, 2010 (\$ millions)

Present Value of Proved plus Probable Reserves, before tax (discounted at 10%)	\$80.7
Undeveloped land	10.4
Working capital deficiency	(11.2)
<b>Net Asset Value</b>	<b>\$79.9</b>
Common shares outstanding, basic	79.7
<b>Net asset value per share</b>	<b>\$1.00</b>

Notes to tables:

- (1) The preceding table shows what is customarily referred to as a “produce out” net asset value calculation under which the current value of Yangarra’s reserves would be produced at the AJM forecast future prices and costs. The value is a snapshot in time as at December 31, 2010 and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. In this analysis, the present value of the proved and probable reserves is calculated at a before tax 10 percent discount rate. The undeveloped land value is based on the valuation from the independent firm Seaton-Jordan & Associates Ltd as at December 31, 2010.
- (2) The 2010 working capital deficiency is unaudited as the financial results are in the process of being finalized; and, is subject to change upon completion of the audited financial statements.

Other

The Company is planning to release its 2010 year-end financial and operating results on April 19, 2011.

For further information, please contact James Evaskevich, President and CEO, 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.

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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