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## **For Immediate Release**

# **Yangarra Provides Operations Update**

**October 25, 2011**

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSX-V:YGR) is pleased to provide an operations update.

The Company continues to advance its Central Alberta focused capital plan and has drilled or participated in 27 gross (15.9 net) horizontal wells since it drilled the first horizontal ("HZ") well in March of 2010. The Company has drilled 6 gross (3.6 net) wells since September 1, 2011 with two operated and one non-operated drilling rigs active. Yangarra expects to drill an additional 6 gross (2.7 net) wells over the remainder of 2011.

Average production for the third quarter is expected to be 1,250 boe/d (40% Oil & NGL's) a 28% increase from the second quarter. Production increases were partially reduced in the quarter by a plant turnaround in Ferrier and the shut in of the Jaslan field for modifications to the compressor station. Current production is approximately 1,800 boe/d with 9 gross (4.2 net) standing wells remaining to be placed on-stream, which are expected to add an estimated 800 boe/d of incremental production. 2011 exit guidance remains at 2,500 boe/d.

The previously announced Rock Creek well was put on production in late August with average initial production over the first 30 operating days (IP 30) of 331 boe/d (25% oil and NGL's). The production rate from the previously announced vertical re-entry Second White Specs well bore was 41 boe/d (72% oil and NGL's) on an IP 30 basis. Based on these results the Company is currently drilling a horizontal well in the Second White Specs.

The Company remains focused on the Glauconite and Cardium formations, while allocating 18% of the 2011 budget to prove up additional formations by drilling wells in the Rock Creek, Second White Specs and Viking formations as well as land purchases. With the land budget the Company has established quality positions in two developing Central Alberta shale plays in the Second White Specs (22 net sections) and Duvernay (67 net sections). With the tenure of these lands (typically 4 years before expiry which can be extended by 5 years with minimal drilling) Yangarra is in a position to let industry de-risk these plays prior to allocating significant capital to these projects.

### **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").
- 700 bbl/d of oil is hedged for 2012 in various instruments with floors from \$90.00/bbl – \$99.00/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.

### Third Quarter Results

The Company's third quarter financial and operating results will be released on November 24, 2011 together with the 2012 capital budget and 2012 guidance.

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.*

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