

**FORM 51-101F1
STATEMENT OF RESERVES DATA
AND OTHER OIL AND GAS INFORMATION
OF
YANGARRA RESOURCES LTD.**

PART 1 DATE OF STATEMENT

This Statement of Reserves Data and Other Oil and Gas Information of Yangarra Resources Ltd. (“Yangarra” or the “Corporation”) is dated March 23, 2006. The effective date of the information provided in this Statement is December 31, 2005 unless otherwise indicated. The information was prepared between December 31, 2005 and March 23, 2006.

PART 2 DISCLOSURE OF RESERVES DATA

In accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, Sproule Associates Limited (“Sproule”) prepared a report (the “Sproule Report”) dated December 31, 2005, in which it has evaluated as at December 31, 2005, Yangarra’s oil, NGL, and natural gas reserves.

The definitions of the various categories of reserves and expenditures are those set out in National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (“NI 51-101”).

The tables below are a summary of the oil, NGL and natural gas reserves of the Corporation and the net present value of future net revenue attributable to such reserves as evaluated in the Sproule Report based on constant and forecast price and cost assumptions. The net present value of future net revenue attributable to the Corporation’s reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production cost, developments costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by Sproule.

It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Corporation’s reserves estimated by Sproule represent the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates for the Corporations’ oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided herein.

The Sproule Report is based on certain factual data supplied by the Corporation and Sproule’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Corporation’s petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Corporation to Sproule and accepted without any further investigation. Sproule accepted this data as presented and neither title searches nor field inspections were performed.

Item 2.1 Reserves Data (Constant Prices and Costs)

**SUMMARY OF OIL AND GAS RESERVES
BASED ON CONSTANT PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Natural Gas (Solution)		Natural Gas Liquids	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbbl)	Net (Mbbbl)
Proved										
Developed Producing	40	36	0	0	4,747	3,945	0	0	64	44
Developed Non-Producing	0	0	0	0	441	367	0	0	7	4
Undeveloped	0	0	0	0	4,802	4,089	0	0	59	41
Total Proved	40	36	0	0	9,990	8,400	0	0	130	89
Probable	28	25	0	0	5,779	5,002	0	0	78	54
Total Proved Plus Probable	69	62	0	0	15,769	13,402	0	0	208	142

**SUMMARY OF NET PRESENT VALUES OF
FUTURE NET REVENUE
BASED ON CONSTANT PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Before Income Taxes Discounted at (%/Year)					After Income Taxes Discounted at (%/Year)				
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved										
Developed Producing	37,732	32,073	27,993	24,931	22,556	35,473	30,003	26,207	23,401	21,238
Developed Non-Producing	2,795	2,386	2,081	1,846	1,660	1,876	1,591	1,380	1,218	1,089
Undeveloped	26,307	19,476	15,097	12,050	9,811	17,726	12,871	9,747	7,572	5,975
Total Proved	66,835	53,935	45,171	38,827	34,027	55,075	44,465	37,334	32,191	28,302
Probable	37,802	24,769	17,909	13,652	10,769	25,282	16,400	11,708	8,794	6,824
Total Proved Plus Probable	104,636	78,704	63,080	52,479	44,796	80,357	60,865	49,042	40,985	35,127

Notes – NPV of FNR include all resources income:
Sale of oil, gas, by-product reserves
Processing third party reserves
Other Income

Income Taxes
Includes all resource income
Apply appropriate income tax calculations
Include prior tax pools

**TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
BASED ON CONSTANT PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	Well Abandonment Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Taxes (M\$)	Future Net Revenue After Income Taxes (M\$)
Proved	108,991	12,335	18,845	9,218	1,759	66,835	11,760	55,075
Proved Plus Probable	171,935	19,582	30,772	14,728	2,217	104,636	24,280	80,357

**NET PRESENT VALUES OF FUTURE NET REVENUE
BY PRODUCTION GROUP
BASED ON CONSTANT PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	4,470
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	37,138
	Coalbed Methane (including associated by-products)	0
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	6,837
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	52,058
	Coalbed Methane (including associated by-products)	0

Item 2.2 Reserves Data (Forecast Prices and Costs)

**SUMMARY OF OIL AND GAS RESERVES
BASED ON FORECAST PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Light and Medium Oil		Heavy Oil		Natural Gas (non-associated & associated)		Natural Gas (Solution)		Natural Gas Liquids	
	Gross (Mbbl)	Net (Mbbl)	Gross (Mbbl)	Net (Mbbl)	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)	Gross (Mbbl)	Net (Mbbl)
Proved										
Developed Producing	40	36	0	0	4,734	3,934	0	0	64	44
Developed Non-Producing			0	0	441	367	0	0	7	4
Undeveloped			0	0	4,802	4,087	0	0	59	41
Total Proved	40	36	0	0	9,977	8,388	0	0	130	88
Probable	28	26	0	0	5,772	4,996	0	0	78	54
Total Proved Plus Probable	69	62	0	0	15,749	13,384	0	0	208	142

**SUMMARY OF NET PRESENT VALUES OF
FUTURE NET REVENUE
BASED ON FORECAST PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Before Income Taxes Discounted at (%/Year)					After Income Taxes Discounted at (%/Year)				
	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)	0 (M\$)	5 (M\$)	10 (M\$)	15 (M\$)	20 (M\$)
Proved										
Developed Producing	32,950	28,874	25,845	23,509	21,652	32,261	27,859	24,769	22,448	20,631
Developed Non-Producing	2,313	2,031	1,814	1,641	1,500	1,557	1,355	1,201	1,079	980
Undeveloped	19,488	14,730	11,654	9,478	7,849	13,301	9,790	7,512	5,902	4,702
Total Proved	54,751	45,635	39,313	34,628	31,002	47,119	39,004	33,481	29,429	26,313
Probable	27,393	17,845	12,973	9,970	7,930	18,629	11,964	8,544	6,434	5,005
Total Proved Plus Probable	82,144	63,480	52,286	44,598	38,932	65,748	50,968	42,025	35,863	31,317

**TOTAL FUTURE NET REVENUE (UNDISCOUNTED)
BASED ON FORECAST PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Revenue (M\$)	Royalties (M\$)	Operating Costs (M\$)	Development Costs (M\$)	Well Abandonment Costs (M\$)	Future Net Revenue Before Income Taxes (M\$)	Income Taxes (M\$)	Future Net Revenue After Income Taxes (M\$)
Proved	98,648	11,753	20,811	9,264	2,069	54,751	7,632	47,119
Proved Plus Probable	153,459	18,257	35,426	14,896	2,737	82,144	16,396	65,748

**NET PRESENT VALUES OF FUTURE NET REVENUE
BY PRODUCTION GROUP
BASED ON FORECAST PRICES AND COSTS
AS OF DECEMBER 31, 2005**

Reserves Category	Production Group	Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$)
Proved	Light and Medium Crude Oil (including solution gas and associated by-products)	3,931
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	32,031
	Coalbed Methane (including associated by-products)	0
Proved Plus Probable	Light and Medium Crude Oil (including solution gas and associated by-products)	5,774
	Heavy Oil (including solution gas and associated by-products)	0
	Natural Gas (including associated by-products)	42,610
	Coalbed Methane (including associated by-products)	0

PART 3 PRICING ASSUMPTIONS

Item 3.1 Constant Prices Used in Estimates

Summary of Pricing Assumptions (Constant Prices and Costs)

Year	Oil						Exchange Rate (\$US/\$Cdn)
	WTI Cushing (Oklahoma)	Edmonton Par Price 40° API	Cromer Medium 29.3 API	Alberta AECO – Gas Prices	Pentanes Plus FOB Field Gate	Butanes FOB Field Gate	
	(\$US/bbl)	(\$Cdn/bbl)	(\$Cdn/bbl)	(\$Cdn/mmbtu)	(\$Cdn/bbl)	(\$Cdn/bbl)	
Historical							
Dec 31, 2000	26.83	39.57	32.58	13.34	48.63	46.69	0.667
Dec 31, 2001	19.78	31.15	22.41	3.64	29.25	16.73	0.628
Dec 31, 2002	31.23	49.26	41.95	5.97	50.22	38.91	0.634
Dec 31, 2003	32.56	40.60	36.39	6.88	44.18	37.73	0.771
Dec 31, 2004	44.04	46.51	32.10	6.78	51.80	39.78	0.832
Forecast							
Dec 31, 2005	61.04	68.12	52.28	9.99	71.35	59.32	0.860

Item 3.2

Summary of Pricing and Inflation Rate Assumptions (Forecast Prices and Costs) Used in Estimates

Year	Oil						Inflation Rate (%/Yr)	Exchange Rate (\$US/\$Cdn)
	WTI Cushing Oklahoma	Edmonton Par Price	Cromer Medium 29.3 API	Alberta AECO – Gas Prices	Pentanes Plus FOB Field Gate	Butanes FOB Field Gate		
	(\$US/bbl)	(\$Cdn/bbl)	(\$Cdn/bbl)	(\$Cdn/mmbtu)	(\$Cdn/bbl)	(\$Cdn/bbl)		
Historical								
2001	25.94	39.06	31.56	6.23	42.46	27.93	2.0	0.646
2002	26.09	40.12	35.46	4.04	40.80	25.39	2.7	0.637
2003	31.14	43.23	37.53	6.66	44.16	34.55	2.5	0.716
2004	41.42	52.91	45.72	6.87	53.91	41.37	1.3	0.826
2005	56.45	69.28	57.38	8.58	69.13	45.20	1.6	0.850
Forecast								
2006	60.81	70.07	59.62	11.58	71.77	47.01	2.5	0.850
2007	61.61	70.99	60.39	10.84	72.71	47.62	2.5	0.850
2008	54.60	62.73	53.48	8.95	64.25	42.08	2.5	0.850
2009	50.19	57.53	49.18	7.87	58.92	38.59	1.5	0.850
2010	47.76	54.65	46.75	7.57	55.97	36.66	1.5	0.850
Thereafter	Various Escalation Rates							

The forecast reference prices and costs were used by Sproule in preparing Yangarra's reserves data.

The weighted average realized sales prices for Yangarra Resources for 2005, was \$67.62/bbl for oil, \$8.81/mcf for natural gas, after transportation.

**PART 4 RECONCILIATIONS OF CHANGES IN RESERVES
AND FUTURE NET REVENUE**

Item 4.1 Reserves Reconciliation

The following table provides a reconciliation of Yangarra's net reserves based on forecast prices and costs.

	Light and Medium Oil		Heavy Oil		Non-Associated and Associated Gas	
	Net Proved	Net Proved Plus Probable	Net Proved	Net Proved Plus Probable	Net Proved	Net Proved Plus Probable
	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)	(Mbbl)
Factors						
December 31, 2004	28.1	91.9	0.0	0.0	5,941	10,010
Production	-21.4	-21.4	0.0	0.0	-1,019	-1,019
Acquisitions	0.0	0.0	0.0	0.0	3,260	5,227
Dispositions	0.0	0.0	0.0	0.0	0	0
Discoveries	1.5	2.0	0.0	0.0	895	1,119
Extensions	0.0	0.0	0.0	0.0	272	313
Improved Recovery	0.0	0.0	0.0	0.0	0	0
Technical Revisions	20.5	-23.1	0.0	0.0	-1,734	-3,097
Economic Factors	7.7	12.4	0.0	0.0	773	831
December 31, 2005 Remaining Reserves	36.4	61.9	0.0	0.0	8,388	13,384

**Item 4.2 Future Net Revenue Reconciliation
Using Constant Prices and Costs using a 10% Discount**

Period and Factor	2005 (\$M)
Estimated future net revenue at beginning of year	14.9
Sales and transfers of oil and gas produced, net of production costs and royalties	<5.53>
Net changes in prices, production costs and royalties related to future production	17.32
Changes in previously estimated development costs incurred during the period	3.27
Changes in estimated future development costs	0
Extension and improved recovery	1.10
Discoveries	3.69
Acquisition of reserves	13.3
Disposition of reserves	0
Net change resulting from revisions in quantity estimates	<6.57>
Accretion of discount	1.65
Net change in income tax	<5.80>
Estimated future net revenue at end of year	37.3

PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

Item 5.1 Undeveloped Reserves

Gross Company's - Proven undeveloped reserves

Year	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (non-associated & associated) (MMcf)	Natural Gas (solution) (MMcf)	Natural Gas Liquids (Mbbl)
Prior thereto	-	-	-	-	-
2003	-	-	5,469	-	128.3
2004	0	0	3,728	0	42.8
2005	0	0	4,802	0	59.4

Proved undeveloped reserves are generally those reserves related to wells that have been tested and not yet tied-in for production or wells not yet drilled at year end that are adjacent to producing wells. In addition, such reserves may relate to planned infill drilling locations. Plans are included in the Sproule Report to develop these reserves.

Gross Company's - Probable undeveloped reserves

Year	Light and Medium Oil (Mbbl)	Heavy Oil (Mbbl)	Natural Gas (non-associated & associated) (MMcf)	Natural Gas (solution) (MMcf)	Natural Gas Liquids (Mbbl)
Prior thereto	-	-	-	-	-
2003	0	0	5,197	0	53.2
2004	77.5	0	4,191	577	97.3
2005	0	0	4,010	0	30.6

Probable undeveloped reserves are generally adjacent to proven undeveloped reserves, lands contiguous to production or indicated by analogy to be productive.

Item 5.2 Significant Factors or Uncertainties

The Company does not anticipate that any significant factors or other significant uncertainties will affect any particular components of its Reserves Data. However, the Company's reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond the Company's control.

Item 5.3 Future Development Costs

	Total Proved Estimated Using Constant Prices and Costs (\$M)	Total Proved Estimated Using Forecast Prices and Costs (\$M)	Total Proved Plus Probable Estimated Using Forecast Prices and Costs (\$M)
2006	7,980	7,980	8,900
2007	1,138	1,167	5,779
2008	9	9	9
2009	0	0	79
2010	0	0	0
Total for all years undiscounted	9,218	9,264	14,896
Total for all years discounted at 10%/year	8,556	8,588	13,469

Yangarra expects that such funding to finance its capital expenditure programs will be primarily obtained from cash flow from operations.

PART 6 OTHER OIL AND GAS INFORMATION

Item 6.1 Oil and Gas Properties and Wells

	Oil		Natural Gas	
	<u>Gross</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Medicine Hat, Alberta				
Producing			49	48.4
Non-producing			20	20.0
Ferrier, Alberta				
Producing	3	1.375	10	4.75
Non-producing			4	1.40
Jaslan, Alberta				
Producing			1	0.375
Non-producing			2	1.375
Mundare, Alberta				
Producing			7	2.15
Non-producing			1	0.50
Bigstone, Alberta				
Producing			2	0.50
Non-producing				
Viking South, Alberta				
Producing			2	0.50
Non-producing				
Provost, Alberta				
Producing			1	0.375
Non-producing				
Mistue, Alberta				
Producing	1	0.333		
Non-producing				

MEDICINE HAT

Yangarra has a 100% working interest in a total of 140 sections of land located 15 km south of the city of Medicine Hat, Alberta. A compressor station, owned 100%, situated at 5-25-9-6W4, was built at the end of 2003 and is capable of 4.0 million cubic feet per day.

A total of 68 wells have been drilled on the property, with one additional well (40% working interest) acquired by tying the well into Yangarra's facilities. 43 shallow gas Second White Specks and Medicine Hat zones and 5 deeper gas wells producing from the Sunburst and Sawtooth Formations are tied in to the compressor station.

The Company's proved plus probable reserves for the Medicine Hat property are estimated at 1,383.4 Mboe.

Ongoing development plans for the Medicine Hat property include continued expansion of the producing area around the compressor station, developing the shallow gas horizons. A 10 well drilling program is planned for Q3/Q4 2006.

FERRIER

Yangarra has an average 40% working interest position in 23 sections in this multi-zone area. The field is located 20 km north of the town of Rocky Mountain House, Alberta. Yangarra has a 50% ownership in the compressor station capable of 10 Mmcf/d constructed in early 2004. A total of 19 wells, (3 oil, 14 gas, 2 abandoned) have been drilled or re-entered in this core area. Third party production volumes are now processed in the 50% compressor station which will give the Company incremental profit from the facility.

Plans include drilling two earning wells in the third quarter which will give the Company a 31.875% working interest in 11 sections of farm-in land. An additional two wells are planned for the fourth quarter on company-owned land.

The Company's proved plus probable reserves are estimated at 636.4 Mboe.

JASLAN

The Jaslan property is located 120 km north of Edmonton and consists of 8 sections (37.5% working interest), and 5 sections (100% working interest). The area has multi-zone potential and shallow drilling depths up to 600m. There are 3 standing gas wells with approximately 200 boe/d (net) of gas behind pipe that are expected to be on stream after the proposed installation of a compressor and pipelines for the area. Plans for the remainder of 2006 include the drilling and tie-in of 4 additional wells in Jaslan.

Yangarra's proved plus probable reserves are estimated at 107.4 Mboe.

MUNDARE / INLAND

The Mundare / Inland area located approximately 80 km east of Edmonton consists of 12 ¼ sections (30% working interest), and 2 farm-in sections. The Company's proved plus probable reserves are estimated at 200.7 Mboe.

BIGSTONE

The Bigstone area is located in west central Alberta approximately 210km northwest of Edmonton. The Company has a 25% working interest in 3 sections. The Company's proved plus probable reserves are estimated at 72 Mboe.

VIKING SOUTH / PROVOST

The Viking South/ Provost area is located in east central Alberta. Yangarra holds a 25% working interest in 2 sections in the Viking South area and a 37.5% working interest in 1 ½ sections in the Provost area. The Company's proved plus probable reserves are estimated at 31.5 Mboe.

Item 6.2 Properties With No Attributed Reserves

<u>Location</u>	<u>Undeveloped Acres</u>	
	<u>Gross</u>	<u>Net</u>
Alberta	43,148	34,691
Saskatchewan	3,584	1,075

There are no work commitments on the undeveloped land holdings in which Yangarra has an interest. The Company expects that rights to explore, develop and exploit 8,119 net acres of unproved properties will expire within one year.

An independent evaluation of these properties by Seaton Jordan & Associates Ltd. estimated a value of \$5,804,223, as of December 31, 2005.

Item 6.3 Forward Contracts

The Company has no forward contracts.

Item 6.4 Additional Information Concerning Abandonment and Reclamation Costs

Abandonment and reclamation costs are included in the Sproule Report as a deduction in arriving at future net revenue at the individual entity level for all wells that were assigned proven reserves. These costs included well abandonment and surface lease reclamation. No allowance for salvage value was included and no abandonment costs have been estimated for suspended wells, gathering systems, batteries, plant or processing facilities. The estimated total abandonment costs included in the Sproule Report for the properties included under the proved reserves category is \$2.069M undiscounted. There are 49 net wells included in these estimates for which Yangarra expects to incur abandonment and restoration costs.

Item 6.5 Tax Horizon

Yangarra was not required to pay income tax in 2005. Based on current tax pools, projected cash flow, and projected exploration costs, the Company does not expect to be taxable in 2006.

Item 6.6 Costs Incurred

The following summarizes certain expenditures related to Yangarra's activities for the year ended December 31, 2005

Property acquisitions	
Proved	\$ 0
Unproved	\$ 331,271
Exploration Costs	\$ 8,001,264
Development Costs	\$ 2,241,416

Item 6.7 Exploration and Development Activities

	<u>Gross</u>	<u>Net</u>
Light and Medium Oil	3.0	1.20
Natural Gas	15.0	8.02
Service	0.0	0.0
Dry	2.0	0.92
Total	<u>20.0</u>	<u>10.14</u>

**Item 6.8 Production Estimates – Based on Future Net Revenue
(Based on Proved)**

	Light and medium oil (Bbls/d)	Heavy Oil (Bbls/d)	Natural Gas (Mcf/d)	Natural Gas Liquids (Bbls/d)
Medicine Hat	0	0	1,659	0
Ferrier	28	0	667	26

Item 6.9 Production History

Average Daily Production

Three months ended	March 31	June 30	Sept 30	Dec 31
Light and medium oil (bbl/d)	72.2	81.0	59.3	49.1
Heavy Oil (bbl/d)	0	0	0	0
Natural Gas (mcf/d)	1,558.2	1,598.3	1,612.6	2,738.7
Natural gas liquids (bbl/d)	28.9	26.8	36.5	35.8
Total (BOE/d)	365.7	374.1	364.6	541.3

Prices Received, Royalties Paid, Production Costs and Net backs

Average Prices Received (\$)

Three months ended	March 31	June 30	Sept 30	Dec 31
Light and medium oil (\$/bbl)	60.39	64.94	76.42	71.20
Heavy Oil (\$/bbl)	0	0	0	0
Natural Gas (\$/mcf)	6.89	7.43	8.94	10.63
Natural gas liquids (\$/bbl)	41.34	44.26	50.26	55.59

Royalties Paid

Three months ended	March 31	June 30	Sept 30	Dec 31
Total costs per \$/BOE	7.59	9.05	9.57	10.30

Production Costs

Three months ended	March 31	June 30	Sept 30	Dec 31
Total costs per \$/BOE	8.96	8.33	10.24	10.20

Netbacks Received

Three months ended	March 31	June 30	Sept 30	Dec 31
Total per \$/BOE	28.92	31.25	38.96	44.40

Production Volume by Field

	Light and Medium Oil (Bbls/d)	Heavy Oil (Bbls/d)	Natural Gas (Mcf/d)	Natural Gas Liquids (Bbls/d)	BOE (BOE/d)
Medicine Hat	0	0	1,051	0	175
Ferrier	65.3	0	639	20	203