

**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 “Company”) is dated March 28, 2007. The effective date of the information provided in this Statement is December 31, 2006 unless otherwise indicated. The information was prepared between December 31, 2006 and March 28, 2007.

**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 March 28, 2007, in which it has evaluated as at December 31, 2006, Yangarra’s oil, NGL, and natural gas reserves.

The reserves definition and ownership classification used in this evaluation are the standards defined by COGEH reserve definitions and consistent with NI 51-101 and used by Sproule Associates Limited.

The tables below are a summary of the oil, NGL and natural gas reserves of the Company 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 Company’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 Company’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 Companies’ 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 Company and Sproule’s opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Company’s petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Company 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, 2006**

| Reserves Category                 | Light and Medium Oil |             | Heavy Oil     |             | Natural Gas (non-associated & associated) |               | Natural Gas Liquids |             |
|-----------------------------------|----------------------|-------------|---------------|-------------|---|---------------|---------------------|-------------|
|                                   | Gross (Mbbbl)        | Net (Mbbbl) | Gross (Mbbbl) | Net (Mbbbl) | Gross (MMcf)                              | Net (MMcf)    | Gross (Mbbbl)       | Net (Mbbbl) |
| <b>Proved</b>                     |                      |             |               |             |   |               |                     |             |
| Developed Producing               | 3                    | 2           | 0             | 0           | 3,795                                     | 3,156         | 71                  | 46          |
| Developed Non-Producing           | 0                    | 0           | 0             | 0           | 567                                       | 441           | 14                  | 8           |
| Undeveloped                       | 0                    | 0           | 0             | 0           | 3,349                                     | 2,859         | 65                  | 45          |
| <b>Total Proved</b>               | <b>3</b>             | <b>2</b>    | <b>0</b>      | <b>0</b>    | <b>7,711</b>                              | <b>6,457</b>  | <b>150</b>          | <b>99</b>   |
| <b>Probable</b>                   | 18                   | 14          | 0             | 0           | 7,211                                     | 6,048         | 132                 | 86          |
| <b>Total Proved Plus Probable</b> | <b>21</b>            | <b>16</b>   | <b>0</b>      | <b>0</b>    | <b>14,922</b>                             | <b>12,505</b> | <b>282</b>          | <b>185</b>  |

**SUMMARY OF NET PRESENT VALUES OF  
FUTURE NET REVENUE  
BASED ON CONSTANT PRICES AND COSTS  
AS OF DECEMBER 31, 2006**

| 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\$)      |
| <b>Proved</b>                     |  |               |               |               |               |   |               |               |               |               |
| Developed Producing               | 13,513                                     | 11,861        | 10,700        | 9,820         | 9,119         | 13,056                                    | 11,437        | 10,304        | 9,447         | 8,767         |
| Developed Non-Producing           | 1,613                                      | 1,299         | 1,077         | 912           | 786           | 1,613                                     | 1,299         | 1,077         | 912           | 786           |
| Undeveloped                       | 6,144                                      | 3,733         | 2,250         | 1,242         | 513           | 6,122                                     | 3,715         | 2,237         | 1,234         | 509           |
| <b>Total Proved</b>               | <b>21,271</b>                              | <b>16,894</b> | <b>14,027</b> | <b>11,974</b> | <b>10,418</b> | <b>20,791</b>                             | <b>16,451</b> | <b>13,617</b> | <b>11,594</b> | <b>10,063</b> |
| <b>Probable</b>                   | 17,374                                     | 11,573        | 8,205         | 5,939         | 4,298         | 16,312                                    | 11,129        | 7,983         | 5,815         | 4,225         |
| <b>Total Proved Plus Probable</b> | <b>38,645</b>                              | <b>28,467</b> | <b>22,232</b> | <b>17,913</b> | <b>14,716</b> | <b>37,103</b>                             | <b>27,580</b> | <b>21,601</b> | <b>17,409</b> | <b>14,288</b> |

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, 2006**

| 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               | 55,165        | 7,407           | 17,369                | 7,623                   | 1,494                        | 21,271                                       | 480                | 20,791                                      |
| Proved Plus Probable | 107,485       | 15,968          | 33,276                | 17,334                  | 2,262                        | 38,645                                       | 1,542              | 37,103                                      |

**NET PRESENT VALUES OF FUTURE NET REVENUE  
BY PRODUCTION GROUP  
BASED ON CONSTANT PRICES AND COSTS  
AS OF DECEMBER 31, 2006**

| Reserves Category           | Production Group   | Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$) |
|-----------------------------|--|---|
| <b>Proved</b>               | Light and Medium Crude Oil (including solution gas and associated by-products) | 1,446   |
|                             | Heavy Oil (including solution gas and associated by-products)                  | 0   |
|                             | Natural Gas (including associated by-products)                                 | 11,370  |
|                             | Coalbed Methane (including associated by-products)                             | 0   |
| <b>Proved Plus Probable</b> | Light and Medium Crude Oil (including solution gas and associated by-products) | 3,431   |
|                             | Heavy Oil (including solution gas and associated by-products)                  | 0   |
|                             | Natural Gas (including associated by-products)                                 | 17,586  |
|                             | 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, 2006**

| Reserves Category                 | Light and Medium Oil |             | Heavy Oil     |             | Natural Gas (non-associated & associated) |               | Natural Gas Liquids |             |
|-----------------------------------|----------------------|-------------|---------------|-------------|---|---------------|---------------------|-------------|
|                                   | Gross (Mbbbl)        | Net (Mbbbl) | Gross (Mbbbl) | Net (Mbbbl) | Gross (MMcf)                              | Net (MMcf)    | Gross (Mbbbl)       | Net (Mbbbl) |
| <b>Proved</b>                     |                      |             |               |             |   |               |                     |             |
| Developed Producing               | 3                    | 2           | 0             | 0           | 3,828                                     | 3,186         | 71                  | 46          |
| Developed Non-Producing           | 0                    | 0           | 0             | 0           | 567                                       | 441           | 14                  | 8           |
| Undeveloped                       | 0                    | 0           | 0             | 0           | 4,250                                     | 3,587         | 65                  | 45          |
| <b>Total Proved</b>               | <b>3</b>             | <b>2</b>    | <b>0</b>      | <b>0</b>    | <b>8,645</b>                              | <b>7,214</b>  | <b>150</b>          | <b>99</b>   |
| <b>Probable</b>                   | 19                   | 14          | 0             | 0           | 7,139                                     | 5,992         | 132                 | 86          |
| <b>Total Proved Plus Probable</b> | <b>21</b>            | <b>17</b>   | <b>0</b>      | <b>0</b>    | <b>15,784</b>                             | <b>13,207</b> | <b>282</b>          | <b>185</b>  |

**SUMMARY OF NET PRESENT VALUES OF  
FUTURE NET REVENUE  
BASED ON FORECAST PRICES AND COSTS  
AS OF DECEMBER 31, 2006**

| Reserves Category                 | Before Income Taxes<br>Discounted at (%/Year) |               |               |               |               | After Income Taxes<br>Discounted at (%/Year) |               |               |               |               |
|-----------------------------------|---|---------------|---------------|---------------|---------------|--|---------------|---------------|---------------|---------------|
|                                   | 0<br>(M\$)                                    | 5<br>(M\$)    | 10<br>(M\$)   | 15<br>(M\$)   | 20<br>(M\$)   | 0<br>(M\$)                                   | 5<br>(M\$)    | 10<br>(M\$)   | 15<br>(M\$)   | 20<br>(M\$)   |
| <b>Proved</b>                     |   |               |               |               |               |  |               |               |               |               |
| Developed Producing               | 17,925  | 15,679        | 14,123        | 12,952        | 12,025        | 17,494                                       | 15,275        | 13,743        | 12,593        | 11,683        |
| Developed Non-Producing           | 2,214   | 1,802         | 1,511         | 1,296         | 1,131         | 2,214  | 1,802         | 1,511         | 1,296         | 1,131         |
| Undeveloped                       | 10,910  | 7,348         | 5,143         | 3,622         | 2,502         | 10,890                                       | 7,332         | 5,133         | 3,617         | 2,502         |
| <b>Total Proved</b>               | <b>31,050</b>                                 | <b>24,830</b> | <b>20,777</b> | <b>17,870</b> | <b>15,657</b> | <b>30,597</b>                                | <b>24,410</b> | <b>20,387</b> | <b>17,506</b> | <b>15,317</b> |
| <b>Probable</b>                   | 26,683  | 18,152        | 13,498        | 10,446        | 8,255         | 20,227                                       | 13,802        | 10,226        | 7,850         | 6,133         |
| <b>Total Proved Plus Probable</b> | <b>57,733</b>                                 | <b>42,982</b> | <b>34,275</b> | <b>28,317</b> | <b>23,913</b> | <b>50,824</b>                                | <b>38,212</b> | <b>30,613</b> | <b>25,357</b> | <b>21,449</b> |

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 FORECAST PRICES AND COSTS  
AS OF DECEMBER 31, 2006**

| 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\$) |
|----------------------|---------------|-----------------|-----------------------|-------------------------|------------------------------|--|--------------------|---|
| <b>Proved</b>        | 78,257        | 11,906          | 22,930                | 10,279                  | 2,092                        | 31,050                                       | 452                | 30,597                                      |
| Proved Plus Probable | 147,663       | 23,507          | 43,798                | 19,445                  | 3,181                        | 57,733                                       | 6,909              | 50,824                                      |

**NET PRESENT VALUES OF FUTURE NET REVENUE  
BY PRODUCTION GROUP  
BASED ON FORECAST PRICES AND COSTS  
AS OF DECEMBER 31, 2006**

| Reserves Category           | Production Group   | Future Net Revenue Before Income Taxes (Discounted at 10%/Year) (M\$) |
|-----------------------------|--|---|
| <b>Proved</b>               | Light and Medium Crude Oil (including solution gas and associated by-products) | 1,712   |
|                             | Heavy Oil (including solution gas and associated by-products)                  | 0   |
|                             | Natural Gas (including associated by-products)                                 | 17,854  |
|                             | Coalbed Methane (including associated by-products)                             | 0   |
| <b>Proved Plus Probable</b> | Light and Medium Crude Oil (including solution gas and associated by-products) | 3,966   |
|                             | Heavy Oil (including solution gas and associated by-products)                  | 0   |
|                             | Natural Gas (including associated by-products)                                 | 29,094  |
|                             | 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  |   |   | Alberta<br>AECO – Gas<br>Prices<br>(\$Cdn/mmbtu) | Pentanes<br>Plus<br>FOB Field<br>Gate<br>(\$Cdn/bbl) | Butanes<br>FOB Field<br>Gate<br>(\$Cdn/bbl) | Exchange<br>Rate<br>(\$US/\$Cdn) |
|-------------------|--|---|---|--|--|---|----------------------------------|
|                   | WTI<br>Cushing<br>(Oklahoma)<br>(\$US/bbl) | Edmonton<br>Par Price<br>40° API<br>(\$Cdn/bbl) | Cromer<br>Medium<br>29.3°<br>API<br>(\$Cdn/bbl) |  |  |   |                                  |
| <b>Historical</b> |  |   |   |  |  |   |                                  |
| 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                            |
| Dec 31, 2005      | 61.04                                      | 68.12   | 52.28   | 9.99   | 71.35  | 59.32                                       | 0.860                            |
| <b>Forecast</b>   |  |   |   |  |  |   |                                  |
| Dec 31, 2006      | 61.05                                      | 67.59   | 62.45   | 6.13   | 71.51  | 54.00                                       | 0.858                            |

### Item 3.2

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

| Year              | Oil                                      |   |   | Alberta<br>AECO –<br>Gas<br>Prices<br>(\$Cdn/mm<br>btu) | Pentanes<br>Plus<br>FOB Field<br>Gate<br>(\$Cdn/bbl<br>) | Butanes<br>FOB Field<br>Gate<br>(\$Cdn/bbl) | Inflation<br>Rate<br>(%/Yr) | Exchange<br>Rate<br>(\$US/\$Cdn) |
|-------------------|--|---|---|---|--|---|-----------------------------|----------------------------------|
|                   | WTI<br>Cushing<br>Oklahoma<br>(\$US/bbl) | Edmonton<br>Par Price<br>40° API<br>(\$Cdn/bbl) | Cromer<br>Medium<br>29.3°<br>API<br>(\$Cdn/bbl) |   |  |   |                             |                                  |
| <b>Historical</b> |  |   |   |   |  |   |                             |                                  |
| 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                         | 0.770                            |
| 2005              | 56.46                                    | 69.29   | 57.36   | 8.58  | 69.13  | 45.20                                       | 1.6                         | 0.826                            |
| 2006              | 66.09                                    | 73.31   | 62.35   | 7.16  | 75.03  | 59.32                                       | 2.0                         | 0.882                            |
| <b>Forecast</b>   |  |   |   |   |  |   |                             |                                  |
| 2007              | 65.73                                    | 74.10   | 63.72   | 7.72  | 75.88  | 55.23                                       | 5.0                         | 0.870                            |
| 2008              | 68.82                                    | 77.62   | 66.75   | 8.59  | 79.49  | 57.85                                       | 4.0                         | 0.870                            |
| 2009              | 62.42                                    | 70.25   | 60.41   | 7.74  | 71.94  | 52.36                                       | 3.0                         | 0.870                            |
| 2010              | 58.37                                    | 65.56   | 56.38   | 7.55  | 67.14  | 48.87                                       | 2.0                         | 0.870                            |
| 2011              | 55.20                                    | 61.90   | 53.24   | 7.72  | 63.40  | 46.14                                       | 2.0                         | 0.870                            |
| Thereafter        | Various Escalation Rates                 |   |   |   |  |   |                             |                                  |

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

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

**Item 4.1 Reconciliation of Company Net Reserves (After Royalty)  
By Principal Product Type as of December 31, 2006  
Using Forecast Prices and Costs**

|                     | Light and Medium Oil |              |                          | NGLS        |              |                          | Associated and Non-Associated Gas |              |                          |
|---------------------|----------------------|--------------|--------------------------|-------------|--------------|--------------------------|-----------------------------------|--------------|--------------------------|
|                     | Net Proved           | Net Probable | Net Proved Plus Probable | Net Proved  | Net Probable | Net Proved Plus Probable | Net Proved                        | Net Probable | Net Proved Plus Probable |
| Factors             | (Mbbl)               | (Mbbl)       | (Mbbl)                   | (Mbbl)      | (Mbbl)       | (Mbbl)                   | (MMcf)                            | (MMcf)       | (MMcf)                   |
| <b>Dec 31, 2005</b> | <b>36.4</b>          | <b>25.5</b>  | <b>61.9</b>              | <b>88.5</b> | <b>53.9</b>  | <b>142.4</b>             | <b>8,388</b>                      | <b>4,996</b> | <b>13,384</b>            |
| Extensions          | -                    | -            | -                        | 0           | 16.6         | 16.6                     | 261                               | 445          | 706                      |
| Improved Recovery   | -                    | 12.9         | 12.9                     | 0           | 11.6         | 11.6                     | 509                               | 1,092        | 1,601                    |
| Technical Revisions | (24.1)               | (24.4)       | (48.5)                   | 6.3         | (9.2)        | (2.9)                    | (1,359)                           | (934)        | (2,293)                  |
| Discoveries         | -                    | -            | -                        | 14.8        | 13.4         | 28.2                     | 366                               | 395          | 761                      |
| Acquisitions        | -                    | -            | -                        | -           | -            | -                        | -                                 | -            | -                        |
| Dispositions        | -                    | -            | -                        | -           | -            | -                        | -                                 | -            | -                        |
| Economic Factors    | -                    | -            | -                        | -           | -            | -                        | -                                 | -            | -                        |
| Production          | (9.8)                | 0            | (9.8)                    | (10.8)      | 0            | (10.8)                   | (952)                             | 0            | (952)                    |
|                     |                      |              |                          |             |              |                          |                                   |              |                          |
| <b>Dec 31, 2006</b> | <b>2.5</b>           | <b>14.0</b>  | <b>16.5</b>              | <b>98.8</b> | <b>86.3</b>  | <b>185.1</b>             | <b>7,214</b>                      | <b>5,992</b> | <b>13,206</b>            |

**Item 4.2 Reconciliation of Changes in Net Present Values of  
Future Net Revenue Discounted at 10% per Year  
Proved Reserves as of December 31, 2006  
Using Constant Prices and Costs**

| <b>Factors</b>  | <b>(\$M)</b>  |
|---|---------------|
| December 31, 2005 <sup>(1)(2)</sup>   | 37,334        |
| Sales and transfers of oil and gas produced, net of production costs and royalties <sup>(1)</sup> | -5,973        |
| Net changes in prices, production costs and royalties related to future production <sup>(2)</sup> | -19,229       |
| Actual development costs during the period <sup>(1)</sup>   | -1,482        |
| Changes in estimated future development costs <sup>(2)</sup>                                      | -6,536        |
| Extension, Infill drilling and improved recovery <sup>(2)</sup>                                   | 1,821         |
| Discoveries <sup>(2)</sup>  | 1,560         |
| Acquisition of reserves <sup>(2)</sup>  | 0             |
| Disposition of reserves <sup>(2)</sup>  | 0             |
| Other significant factors <sup>(2)</sup>  | -908          |
| Accretion of discount <sup>(2)(3)</sup>   | 4,346         |
| Net change in income tax <sup>(4)</sup>   | 6,734         |
| Changes Resulting from Technical Revisions plus Effects on Timing <sup>(2)</sup>                  | -4,048        |
| <b>December 31, 2006</b>  | <b>13,617</b> |

(1) Undiscounted before income tax

(2) Discounted before income tax

(3) Ten percent (10%) of beginning of year net present value, before income tax.

(4) Discounted

## PART 5 ADDITIONAL INFORMATION RELATING TO RESERVES DATA

### Item 5.1 Undeveloped Reserves

#### Gross Company's - Proven undeveloped reserves (Constant Prices)

| Year          | Light and Medium Oil (Mbbl) | Heavy Oil (Mbbl) | Natural Gas (non-associated & associated) (MMcf) | Natural Gas Liquids (Mbbl) |
|---------------|-----------------------------|------------------|--|----------------------------|
| Prior thereto | -                           | -                | -  | -                          |
| 2003          | -                           | -                | 5,469  | 128.3                      |
| 2004          | -                           | -                | 3,728  | 42.8                       |
| 2005          | -                           | -                | 4,802  | 59.4                       |
| 2006          | -                           | -                | 3,349  | 65.0                       |

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 using escalated prices

| Year                | Light and Medium Oil (Mbbl) | Heavy Oil (Mbbl) | Natural Gas (non-associated & associated) (MMcf) | Natural Gas Liquids (Mbbl) |
|---------------------|-----------------------------|------------------|--|----------------------------|
| Prior thereto       | -                           | -                | -  | -                          |
| 2003                | -                           | -                | 5,197  | 53.2                       |
| 2004                | 77.5                        | -                | 4,768  | 97.3                       |
| 2005                | -                           | -                | 4,010  | 30.6                       |
| 2006 <sup>(1)</sup> | 18.6                        | -                | 7,138  | 132.2                      |

Note:

<sup>(1)</sup> 2006 year includes both probable undeveloped and probable developed reserves

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<br>Using Constant Prices<br>and Costs (\$M) | Total Proved Estimated<br>Using Forecast Prices and<br>Costs (\$M) | Total Proved Plus Probable<br>Estimated Using Forecast<br>Prices and Costs (\$M) |
|---|--|--|--|
| 2007  | 7,265  | 9,890  | 19,016   |
| 2008  | 317  | 333  | 351  |
| 2009  | 0  | 0  | 0  |
| 2010  | 0  | 0  | 10   |
| 2011  | 0  | 0  | 0  |
| 2012  | 0  | 0  | 0  |
| Total for all years undiscounted              | 7,623  | 10,279   | 19,445   |
| Total for all years discounted at<br>10%/year | 7,170  | 9,634  | 18,169   |

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> |
| <b>Medicine Hat, Alberta</b>  |              |            |              |            |
| Producing                     | -            | -          | 46           | 45.4       |
| Non-producing                 | -            | -          | 26           | 26         |
| <b>Ferrier, Alberta</b>       |              |            |              |            |
| Producing                     | 5            | 3.25       | 9            | 3.5        |
| Non-producing                 | -            | -          | 7            | 2.72       |
| <b>Jaslan, Alberta</b>        |              |            |              |            |
| Producing                     | -            | -          | 4            | 1.5        |
| Non-producing                 | -            | -          | 1            | 1          |
| <b>Mundare, Alberta</b>       |              |            |              |            |
| Producing                     | -            | -          | 3            | 0.8        |
| Non-producing                 | -            | -          | 5            | 1.8        |
| <b>Bigstone, Alberta</b>      |              |            |              |            |
| Producing                     | -            | -          | -            | -          |
| Non-producing                 | -            | -          | 2            | 0.5        |
| <b>Viking South, Alberta</b>  |              |            |              |            |
| Producing                     | -            | -          | 2            | 0.5        |
| Non-producing                 | -            | -          | -            | -          |
| <b>Provost, Alberta</b>       |              |            |              |            |
| Producing                     | -            | -          | 1            | 0.375      |
| Non-producing                 | -            | -          | -            | -          |
| <b>Corbett Creek, Alberta</b> |              |            |              |            |
| Producing                     | -            | -          | -            | -          |
| Non-producing                 | -            | -          | 1            | 0.5        |
| <b>Mega, Alberta</b>          |              |            |              |            |
| Producing                     | -            | -          | -            | -          |
| Non-producing                 | -            | -          | 1            | 0.9        |
| <b>Mistue, Alberta</b>        |              |            |              |            |
| 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 72 wells have been drilled or re-entered on the property, and one well (40% working interest) was acquired in 2005 by tying the well into Yangarra's facilities. 42 shallow gas Second White Specks and Medicine Hat zones and 4 deeper gas wells producing from the Sunburst, Bow Island and Sawtooth Formations are tied in to the compressor station.

The Company's proved plus probable reserves for the Medicine Hat area is estimated at 1,536.0 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. Wells that are drilled, assigned reserves but not tied in, will be tied in as development of the field encroaches these outlying wells.

### **FERRIER**

Yangarra has an average 34% 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 21 wells, (5 oil, 14 gas, 2 abandoned) have been drilled or re-entered in this core area. Third party production volumes are now being processed in the 50% compressor station which will give the Company incremental profit from the facility.

The Company's proved plus probable reserves are estimated at 1,025.1 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. Construction of a 3.0 million cubic feet per day compressor station (45% working interest) and gathering system was completed in November 2006. One 100% working interest standing well is planned to be tied-in in 2007, and a 37.5% working interest well was drilled, completed, and tied in subsequent to year end.

Yangarra's proved plus probable reserves are estimated at 153.6 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 105.6 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 Bigstone area wells have been shut-in for the majority of the 2006 year. The Company's proved plus probable reserves are estimated at 87.2 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 25.5 Mboe.

## Item 6.2 Properties With No Attributed Reserves

| <u>Location</u> | <u>Undeveloped Acres</u> |            |
|-----------------|--------------------------|------------|
|                 | <u>Gross</u>             | <u>Net</u> |
| Alberta         | 101,983                  | 80,378     |
| Saskatchewan    | 8,940                    | 2,682      |

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 22,837 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 \$5,124,089 as of December 31, 2006.

## Item 6.3 Forward Contracts

In February 2007, the Company committed to the following European Commodity Collars for the sale of natural gas: 1,000 GJ per day from March 1 to December 31, 2007 at a ceiling price of \$10.00 per GJ and a floor price of \$7.00 per GJ with a floor premium cost of \$0.12 per GJ; and 1,000 GJ per day from March 1 to December 31, 2007 at a ceiling price of \$8.45 per GJ and a floor price of \$7.25 per GJ with a floor premium cost of \$0.10 per GJ.

## 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 \$1.494 M (based on constant prices) undiscounted. There are 58 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 2006. Based on current tax pools, projected cash flow, and projected exploration costs, the Company does not expect to be taxable in 2007.

## Item 6.6 Costs Incurred

The following summarizes certain expenditures related to Yangarra's activities for the year ended December 31, 2006

|                       |             |
|-----------------------|-------------|
| Property acquisitions |             |
| Proved                | \$95,109    |
| Unproved              | \$211,058   |
| Exploration Costs     | \$3,687,334 |
| Development Costs     | \$5,583,507 |

**Item 6.7 Exploration and Development Activities**

|                      | <u>Gross</u> | <u>Net</u>  |
|----------------------|--------------|-------------|
| Light and Medium Oil | -            | -           |
| Natural Gas          | 12.0         | 8.09        |
| Service              | -            | -           |
| Dry                  | 2.0          | 0.60        |
| Total                | <u>14.0</u>  | <u>8.69</u> |

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

|              | Light and<br>medium oil<br>(Bbls/d) | Heavy Oil<br>(Bbls/d) | Natural Gas<br>Mcf/d) | Natural Gas<br>Liquids<br>(Bbls/d) |
|--------------|-------------------------------------|-----------------------|-----------------------|------------------------------------|
| Medicine Hat | 0                                   | 0                     | 1,937                 | 0                                  |
| Ferrier      | 5                                   | 0                     | 929                   | 0                                  |
| Jaslan       | 0                                   | 0                     | 605                   | 0                                  |
| Mundare      | 0                                   | 0                     | 446                   | 0                                  |

**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) | 45.0     | 26.5    | 21.5     | 23.0    |
| Heavy oil (bbl/d)            | 0        | 0       | 0        | 0       |
| Natural gas (mcf/d)          | 54.5     | 45.6    | 41.6     | 41.4    |
| Natural gas liquids (bbl/d)  | 3,714.9  | 2,899.9 | 2,7855.4 | 3,141.4 |
| Total (BOE/d)                | 718.9    | 555.4   | 527.3    | 588.0   |

**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/d) | 67.99    | 79.24   | 79.74   | 62.30  |
| Heavy oil (bbl/d)            | 0        | 0       | 0       | 0      |
| Natural gas (mcf/d)          | 7.77     | 6.20    | 6.08    | 7.15   |
| Natural gas liquids (bbl/d)  | 50.86    | 55.99   | 57.13   | 47.92  |

**Royalties Paid**

| Three months ended     | March 31 | June 30 | Sept 30 | Dec 31 |
|------------------------|----------|---------|---------|--------|
| Total costs per \$/BOE | 9.03     | 4.53    | 5.59    | 4.65   |

### Production and Transportation Costs

|                        |          |         |         |                     |
|------------------------|----------|---------|---------|---------------------|
| Three months ended     | March 31 | June 30 | Sept 30 | Dec 31              |
| Total costs per \$/BOE | 7.21     | 9.94    | 13.85   | 8.10 <sup>(1)</sup> |

(1) – Adjusted to remove effect of cost recovery related to prior years

### Netbacks Received

|                    |          |         |         |                      |
|--------------------|----------|---------|---------|----------------------|
| Three months ended | March 31 | June 30 | Sept 30 | Dec 31               |
| Total per \$/BOE   | 31.46    | 25.81   | 20.46   | 31.27 <sup>(1)</sup> |

(1) – Adjusted to remove effect of cost recovery related to prior years

### Production Volume by Field

|              | Light and<br>Medium Oil<br>(Bbls/d) | Heavy Oil<br>(Bbls/d) | Natural Gas<br>(Mcf/d) | Natural Gas<br>Liquids<br>(Bbls/d) | BOE<br>(BOE/d) |
|--------------|-------------------------------------|-----------------------|------------------------|------------------------------------|----------------|
| Medicine Hat | 0                                   | 0                     | 1,281                  | 0                                  | 213            |
| Ferrier      | 28                                  | 0                     | 796                    | 44                                 | 205            |
| Jaslan       | 0                                   | 0                     | 137                    | 0                                  | 23             |
| Mundare      | 0                                   | 0                     | 692                    | 0                                  | 115            |