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For Immediate Release

Yangarra Announces Update to Restructure Process

December 31, 2009

Yangarra Resources Ltd. (“Yangarra” or “the Company”) (TSX Venture: “YAN”) announces that it has completed the terms of the Proposal (see press release dated October 8, 2009) with respect to the Shares for Debt portion. The Company has issued 42,187,580 common shares in satisfaction of \$5,825,777 debt owed to various creditors. The common shares will be subject to a four (4) month hold period.

In addition, the Company will issue 1,000,000 preferred shares at a price of \$1.00 per share with an annual interest coupon of 5% payable semi-annually in stock of Yangarra with an eighteen (18) month term, at which time the preferred stock is redeemable for cash. The preferred stock issuance together with a portion of the shares issued for debt will satisfy the outstanding amounts owing to Yangarra’s mezzanine debt holder.

Yangarra relied on the exemption found in section 5.7 (1) (e) of Multilateral Instrument 61-101, the Financial Hardship exemption, and as such, was not required to obtain minority shareholder approval for this transaction.

For further information, please contact James Evaskevich, President at (403) 262-9558.

Forward-Looking Statements: This news release contains statements about future events that are forward looking in nature and, as a result, are subject to certain risks and uncertainties such as changes in plans or the occurrence of unexpected events. Actual results may differ from the estimates provided by management.

All dollars values are in Canadian funds

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