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Yangarra Announces \$29 million Capital Budget for 2011

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Yangarra Resources Ltd. (“Yangarra” or “the Company”) (TSX Venture: “YGR”) is pleased to announce that its Board of Directors has approved a \$29 million capital budget for 2011. The Company is also providing an operations update, an updated future drilling inventory and announcing a new corporate presentation.

2011 Drilling Program

The budget envisions drill, complete and tie-in of 23.0 gross (9.9 net) horizontal wells in the Willesden Green/Ferrier area during 2011. This drilling program is expected to significantly increase the production base of the Company by year-end 2011.

Currently, Yangarra has three horizontal wells drilling in Willesden Green and Ferrier area of Alberta consisting of two non-operated Cardium wells (17% w.i and 29.875% w.i., respectively) and one operated Glauconite well (100% w.i.).

The Company expects that a recently expanded senior credit facility of \$14.5 million and cash flow from operations will fully fund the capital budget for 2011 while maintaining a strong debt to equity ratio throughout the year.

Operations Update

Yangarra drilled a total of 6.0 gross (4.7 net) horizontal wells in 2010 (100% success) and had four of those wells on production at year end. The production rate for December 2010 was approximately 900 boe/d 45% weighted to oil and natural gas liquids (“NGLs”). During the month of December production was negatively impacted with the 9-20-41-7W5 Cardium horizontal well (non-operated) down for most of the month due to tubing failure as well as significant downtime at the jointly owned Willesden Green compression facility at 2-4-42-7W5 due to mechanical issues. In addition, Yangarra has entered into a fixed price swap on 100 bbls/d of oil at a fixed price of \$93.85 USD for the February through December 2011 period.

The following is a list of the initial 30 day production rates (“IP 30”) of the 2010 horizontal wells that were placed on production during the year:

Location	Horizontal Length	Fracturing	Working Interest (w.i.)	IP	Production
06-03-41-7W5 Glauconite (operated)	710 m	8 stages 200 tonne	100% w.i.	IP 30	602 boe/d
09-20-41-7W5 Cardium (non-operated)	699 m	5 stages 150 tonne	68.15% w.i. plus 15% override	IP 30	85 boe/d
07-20-41-7W5 Cardium (operated)	725 m	8 stages 200 tonne	68.15% w.i. plus 15% override	IP 30	324 boe/d
13-02-41-7W5 Glauconite (operated)	1106 m	12 stages 300 tonne	68.15% w.i. plus 15% override	IP 30	760 boe/d

The two remaining Cardium horizontal wells (1.68 net) were fracture stimulated using a water based Surfactant/Foam fracturing system. 14-36-37-8W5 was fractured over six stages on a 550 meter horizontal section (shortened section due to sloughing shales) and 01-20-41-7W5 over twelve stages on a 1,100 meter horizontal section. Both wells are currently flowing back new produced oil at anticipated initial flow rates and both wells are projected to be on production by the end of January.

Future Drilling Inventory

Yangarra closed several acquisitions and secured several farm in arrangements during 2010 in the Willesden Green/Ferrier core area which, together with an exhaustive geological review, has resulted in a significant expansion of the potential horizontal locations. The Company has identified 32 gross (13.24 net) Glauconite and 29 gross (12.61 net) Cardium, for a total of 61 gross (25.85 net) potential locations within this area. In addition, the Company is planning to drill test wells in several other prospective tight sandstone reservoirs in 2011 on this existing land base. The extremely active geology together with the tight nature of the multiple zones make the Willesden Green/Ferrier area one of the most attractive areas in North America for horizontal drilling and multistage fracturing.

Updated Corporate Presentation

The corporate presentation has been updated and is available on the Company's website at:

<http://www.yangarra.ca/corporate.asp>

For further information, please contact James Evaskevich, President and CEO at (403) 262-9558 or jim@yangarra.ca.

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.

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