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For Immediate Release

Yangarra Provides Operations Update

January 7, 2016 - Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) provides an operations update.

Fourth quarter 2015 production is estimated to be 2,600 boe/d, with two new wells (one 1.0 mile and one 1.5 mile) expected to be on-stream in January once mandatory static gradients are performed.

Yangarra's strong gross profit ("GP") margins from operations (77% GP, Q3 2015) continue despite the low commodity prices. Cash flow netbacks for Q3 were $20.89/boe. The combination of low cost structure and product mix of light sweet oil and liquids rich natural gas, position the Company to remain profitable even if commodity prices decline further from current levels.

During the fourth quarter, the Company drilled and completed two wells and completed three additional wells that were drilled earlier in the year. All wells drilled in 2015 used cemented liners and sliding sleeves for completions. The Company has progressively reduced stage intervals on each successive well through 2015 and production results have improved with the tighter spacing.

Initial Production ("IP") rates on recent wells are as follows:

02/1-26-41-8 W5 (1.5 mile) IP 120	341 boe/d 68% oil
02/13-9-41-7W5 (2.0 mile) IP 75	153 boe/d 91% oil
1-36-37-8W5 (1.0 mile) IP 60	403 boe/d 61% oil
3-26-37-8W5 (1.0 mile) IP 55	245 boe/d 54% oil

Sub-Debt Facility

Effective December 31, 2015 the $10 million subordinated term facility with Alberta Treasury Branch ("ATB") was not utilized and therefore was terminated as per the agreement. The $80 million revolving operating demand loan remains in place and unchanged, with the next review scheduled for May 2016. Net debt as at December 31, 2015 is estimated to be $60 million.

Corporate Strategy

Yangarra`s corporate strategy for 2016 in the current commodity environment is to maintain 2,500 – 2,750 boe/d while spending within cash-flow. The future growth focus continues to be on Cardium land accumulation and concentrating ownership in existing properties while commodity prices are low. The 2016 drilling program will be weighted toward the second half with first half expenditures primarily weighted to inventory accumulation.

Hedging

Yangarra has 35% - 40% of its oil production hedged for 2016 in a costless collar with a $73.45 CDN/bbl floor and an $85.00 CDN/bbl ceiling.

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

Forward looking information

This press release contains forward-looking statements. More particularly, this press release contains statements concerning planned exploration and development activities, the anticipated daily production average during the fourth quarter of 2015, the anticipated profitability of the Company if commodity prices were to future decline from the current levels and the planned corporate strategy during the current commodity environment.

The forward-looking statements in this press release are based on certain key expectations and assumptions made by Yangarra, including expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates and the availability of capital, labour and services.

Although Yangarra believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Yangarra can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, general business, economic, competitive, political and social uncertainties, capital market conditions and market prices for securities and changes to existing laws and regulations. Certain of these risks are set out in more detail in Yangarra's current Annual Information Form, which is available on Yangarra's SEDAR profile at www.sedar.com.

Forward-looking statements are based on estimates and opinions of management of Yangarra at the time the statements are presented. Yangarra may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but Yangarra undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Any references in this press release to initial and/or final raw test or production rates and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily determinative of the rates at which such wells will commence production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation. The initial production rate may be estimated based on other third party estimates or limited data available at this time. In all cases in this press release, initial production or test are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.

Gross Profit Margin from Operations

Gross Profit Margin from Operations is calculated as the funds flow netback divided by the average sales price of its commodities (including realized gains on financial instruments).

Non-GAAP Financial Measures

This press release contains references to measures used in the oil and natural gas industry such as "funds from netback" and "net debt". These measures do not have standardized meanings prescribed by GAAP and therefore should not be considered in isolation. These reported amounts and their underlying calculations are not necessarily comparable or calculated in an identical manner to a similarly titled measure of other companies where similar terminology is used. Where these measures are used they should be given careful consideration by the reader. These measures have been described and presented in this press release in order to provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations.

Funds from netback is calculated on a per boe basis. The Company uses net debt as a measure to assess its financial position. Net debt includes current assets less current liabilities excluding the current portion of the fair value of financial instruments and the deferred premium on financial instruments.

Barrels of Oil Equivalent

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel (1 Bbl) of crude oil. The boe conversion ratio of 6 mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

All reference to $ (funds) are in Canadian dollars.