



Suite 1530, 715 – 5 Avenue S.W. Calgary, Alberta T2P 2X6  
Phone: (403) 262-9558 Fax: (403) 262-8281  
Webpage: [www.yangarra.ca](http://www.yangarra.ca) Email: [info@yangarra.ca](mailto:info@yangarra.ca)

## **Yangarra Announces First Quarter 2015 Financial and Operating Results**

**May 14, 2015**

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSX:YGR) announces its financial and operating results for the three months ended March 31, 2015.

### **First Quarter Highlights**

- Earnings before interest, taxes, depletion & depreciation, amortization and changes in commodity contracts ("EBITDA") was \$9.8 million (\$0.17 per share - basic) or \$5.6 million including changes in commodity contracts (\$0.10 per share - basic).
- Oil and gas sales, after royalties, were \$12.3 million with funds flow from operations of \$9.4 million (\$0.16 per share - basic). This represents a 11% and a 10% decrease, respectively, from the same period in 2014 due to reductions in commodity pricing partially offset by realized hedging.
- As previously disclosed, production was impacted by rolling TCPL sales line shut downs with daily production averaging 2,642 boe/d for the quarter, a 6% decrease from the same period in 2014 and a 13% decrease from the fourth quarter of 2014.
- Net Income of \$0.9 million (\$0.02 per share - basic) or \$1.4 million before tax (\$0.02 per share - basic).
- Operating costs were \$7.62/boe (including \$1.28/boe of transportation costs).
- Operating netbacks, which include the impact of commodity contracts, were \$44.00 per boe, a 3% decrease from 2014. Field net backs, which do not include the impact of commodity contracts were \$21.05, a decrease of 66% from 2014.
- G&A costs of \$2.16/boe.
- Royalties were 6% of oil and gas revenue excluding commodity contracts and 3% of oil and gas revenue including commodity contracts.
- Total capital expenditures were \$9.2 million. The Company drilled 2 gross (2.0 net) wells in 2015, made pre-purchases on the Duvernay south block well completion, performed various well optimizations and equipped multiple wells that were producing on flow-back at year-end 2014.
- Net debt, excluding the current portion of the fair value of commodity contracts, was \$59.6 million (\$55.4 million including the current portion of the fair value of commodity contracts).
- Quarter-end net debt to annualized first quarter cash flow ratio excluding the current portion of the fair value of commodity contracts was 1.6 : 1 (1.5 : 1 including the current portion of the fair value of commodity contracts).

## Financial Summary

	2015	2014
	Q1	Q1
<b>Statements of Comprehensive Income</b>		
Petroleum & natural gas sales and royalty income	\$ 7,216,024	\$ 16,008,396
Net income (before tax)	\$ 1,367,312	\$ 1,202,068
Net income	\$ 945,117	\$ 719,450
Net income per share - basic	\$ 0.02	\$ 0.01
Net income per share - diluted	\$ 0.02	\$ 0.01
<b>Statements of Cash Flow</b>		
Funds flow from operating activities	\$ 9,391,354	\$ 10,459,692
Funds flow from operating activities per share - basic	\$ 0.16	\$ 0.21
Funds flow from operating activities per share - diluted	\$ 0.16	\$ 0.21
Cash from operating activities	\$ 6,030,922	\$ 6,008,779
<b>Statements of Financial Position</b>		
Property and equipment	\$ 224,745,569	\$ 171,336,343
Total assets	\$ 253,362,846	\$ 195,777,835
Working capital deficit	\$ 55,509,271	\$ 62,551,870
Working capital deficit, excluding MTM on commodity contracts	\$ 59,625,467	\$ 55,822,090
Subordinated Debt	\$ -	\$ 7,790,145
Non-Current Liabilities	\$ 27,736,084	\$ 18,246,628
Shareholders equity	\$ 148,966,679	\$ 97,025,179
Weighted average number of shares - basic	57,755,804	49,136,780
Weighted average number of shares - diluted	58,015,914	50,108,392

## Company Netbacks (\$/boe)

	2015	2014
	Q1	Q1
Sales price	\$ 30.08	\$ 62.37
Royalty income	0.26	1.25
Royalty expense	(1.68)	(3.73)
Production costs	(6.34)	(6.49)
Transportation costs	(1.28)	(1.32)
<b>Field operating netback</b>	<b>21.05</b>	<b>52.07</b>
Commodity contract settlement <sup>(1)</sup>	22.95	(6.85)
<b>Operating netback</b>	<b>44.00</b>	<b>45.23</b>
G&A and other (excludes non-cash items)	(2.16)	(1.30)
Finance expenses	(3.92)	(3.33)
<b>Cash flow netback</b>	<b>37.93</b>	<b>40.60</b>
Depletion and depreciation	(13.90)	(16.53)
Accretion	(0.18)	(0.16)
Stock-based compensation	(0.48)	(1.63)
Unrealized gain (loss) on financial instruments	(17.61)	(17.50)
Deferred income tax	(1.78)	(1.92)
<b>Net Income netback</b>	<b>\$ 3.97</b>	<b>\$ 2.86</b>

(1) Includes \$4 million relating to the monetization of certain commodity contracts in the three months ended March 31, 2015.

## Operations Summary

Net petroleum and natural gas production, pricing and revenue are summarized below:

	2015	2014
	Q1	Q1
<b>Daily production volumes</b>		
Natural gas (mcf/d)	8,717	7,572
Oil (bbl/d)	783	1,036
NGL's (bbl/d)	363	413
Royalty income		
Natural gas (mcf/d)	196	359
Oil (bbl/d)	0	0
NGL's (bbl/d)	10	25
Combined (boe/d 6:1)	2,642	2,796
<b>Revenue</b>		
Petroleum & natural gas sales - Gross	\$ 7,153,174	\$ 15,694,979
Royalty income	62,850	313,417
Commodity contract settlement <sup>(1)</sup>	5,457,741	(1,723,339)
Total sales	12,673,765	14,285,057
Royalty expense	(399,144)	(937,556)
Petroleum & natural gas sales - Net	12,274,621	13,347,501
Change in fair value of contracts	(4,188,208)	(4,403,102)
Total Revenue - Net of royalties	\$ 8,086,413	\$ 8,944,399

(1) Includes \$4 million relating to the monetization of certain commodity contracts in the three months ended March 31, 2015.

## Working Capital Summary

The following table summarizes the change in working capital during the three months ended March 31, 2015 and the year ended December 31, 2014:

	2015	2014
Working capital (deficit) - beginning of period <sup>(1)</sup>	\$ (59,766,933)	\$ (36,794,243)
Funds flow from operating activities	9,391,354	38,325,988
Additions to property and equipment	(9,240,302)	(78,125,708)
Additions to E&E Assets	-	(1,680,941)
Issuance of shares	-	26,408,338
Issuance (repayment) of Subordinated Debt	-	(7,786,632)
Decommissioning costs incurred	-	(76,361)
Other Debt	(9,586)	(37,374)
Working capital (deficit) - end of period <sup>(1)</sup>	\$ (59,625,467)	\$ (59,766,933)
Subordinated Debt Outstanding	\$ -	\$ -
Total Debt	\$ (59,625,467)	\$ (59,766,933)
Current Credit facility limit	\$ 80,000,000	
Current Subordinated debt facility limit	\$ 10,000,000	

(1) Excludes fair value of commodity contracts

## Capital Spending

Capital spending is summarized as follows:

	2015	2014
	Q1	Q1
Cash additions		
Land, acquisitions and lease rentals	\$ 60,502	\$ 972,133
Drilling and completion	6,547,532	18,373,739
Geological and geophysical	366,579	320,227
Equipment	2,261,369	2,324,948
Other asset additions	4,320	(1,839)
	<u>\$ 9,240,302</u>	<u>\$ 21,989,208</u>
Exploration & evaluation assets additions	\$ -	\$ -

## Annual General Meeting of Shareholders

The Company's Annual General Meeting of Shareholders is scheduled for 10:00 AM on Wednesday May 27, 2015 in the Tillyard Management Conference Centre, Main Floor, 715 5th Avenue SW, Calgary, AB.

## Disclosure Items

The Company's financial statements, notes to the financial statements and management's discussion and analysis have been filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and are available on the Company's website ([www.yangarra.ca](http://www.yangarra.ca)).

For further information, please contact James Evaskevich, President & CEO 403-262-9558.

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. Operating netbacks are calculated as revenue from all products less operating costs.

### *Forward looking information*

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.

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