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## **Yangarra Announces 2016 Year End Financial and Operating Results**

**March 15, 2017**

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSX:YGR) announces its financial and operating results for the year ended December 31, 2016.

### 2016 Highlights

- Adjusted EBITDA (which excludes changes in derivative financial instruments, and includes gain on settlement of lawsuit) was \$31.2 million (\$0.42 per share - basic).
- Oil and gas sales were \$29.1 million with funds flow from operations of \$16.3 million (\$0.22 per share - basic).
- Net income of \$10.2 million (\$0.14 per share - basic) or \$10.2 million before tax.
- Production of 2,956 boe/d.
- Operating costs were \$8.46/boe (including \$1.31/boe of transportation costs).
- Operating netbacks, which include the impact of commodity contracts, were \$19.59 per boe.
- Operating margins were 73% and cash flow margins were 58%.
- G&A costs of \$1.88/boe.
- Royalties were 3% of oil and gas revenue excluding commodity contracts and 3% of oil and gas revenue including commodity contracts.
- Total capital expenditures were \$27.7 million.
- Net debt (which excludes the current derivative financial instruments) was \$65.0 million up from \$60.9 million at 2015 year-end.
- Wells drilled into the bioturbated section of the Cardium formation resulted in a corporate full cycle internal rate of return ("IRR") of 72% for 2016.
- Total proved developed producing ("PDP") finding and development costs were \$9.41/boe, the recycle ratio was 2.1 and 306% of 2016 production was replaced.
- Total proved ("TP") finding and development costs were \$6.75/boe, the recycle ratio was 2.9 and 1189% of 2016 production was replaced.
- Proved plus probable ("2P") finding and development costs were \$6.18/boe, the recycle ratio was 3.2 and 1957% of 2016 production was replaced.

## Fourth Quarter Highlights

- Adjusted EBITDA (which excludes changes in derivative financial instruments) was \$7.6 million (\$0.10 per share - basic).
- Oil and gas sales were \$11.1 million with funds flow from operations of \$6.8 million (\$0.09 per share - basic).
- Net loss of \$0.3 million (\$0.00 per share - basic) or \$1.4 million net income before tax.
- Production of 3,195 boe/d (56% liquids).
- Operating costs were \$8.32/boe (including \$1.04/boe of transportation costs).
- Operating netbacks, which include the impact of commodity contracts, were \$29.16 per boe.
- Operating margins were 77% and cash flow margins were 64%.
- G&A costs of \$2.34/boe, which includes year-end bonuses.
- Royalties were 3% of oil and gas revenue.
- Total capital expenditures were \$13.7 million
- Net Debt to annualized fourth quarter funds flow from operations was 2.4:1

## Operations Update

The Company has now completed drilling operations on the 10 well capital program that commenced in August of 2016, six are onstream and current corporate production is approximately 5,000 boe/d. Two of the remaining four wells have been fracked and will commence production this week with the last two wells scheduled to be fracked before month end and tied in shortly thereafter.

Initial Production (“IP”) rates on wells five and six of the 10 well program are as follows:

100/02-26-39-9W5 (2.0 mile) (103 stages & 1,114 tons of sand)	IP 35	645 boe/d (89% liquids)
102/08-14-41-6W5 (2.0 mile) <sup>(1)</sup> (107 stages & 1,571 tons of sand)	Clean-up phase (Day 1-20) Production phase (Day 21-35)	217 boe/d (93% liquids) 534 boe/d (88% liquids)

*(1) This well was drilled 100m from the 100/01-14-41-6W5 well, with no evidence of communication, and using the new well path.*

## Financial Summary

	2016		2015	Year Ended	
	Q4	Q3	Q4	2016	2015
<b>Statements of Comprehensive Income</b>					
Petroleum & natural gas sales	\$ 11,128,298	\$ 5,939,598	\$ 6,610,187	\$ 29,078,560	\$ 25,138,007
Net (loss) income (before tax)	\$ 1,365,339	\$ (144,625)	\$ (219,201)	\$ 10,184,658	\$ (3,024,696)
Net (loss) income	\$ (339,197)	\$ (470,783)	\$ (170,059)	\$ 10,168,751	\$ (4,781,170)
Net (loss) income per share - basic and diluted	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ 0.14	\$ (0.07)
<b>Statements of Cash Flow</b>					
Funds flow from operations	\$ 6,781,301	\$ 3,331,966	\$ 4,227,532	\$ 16,263,727	\$ 21,413,401
Funds flow from operating activities per share - basic and diluted	\$ 0.09	\$ 0.04	\$ 0.06	\$ 0.22	\$ 0.34
Cash from operating activities	\$ 7,563,736	\$ 4,866,167	\$ 6,355,220	\$ 16,846,352	\$ 21,449,863
<b>Statements of Financial Position</b>					
Property and equipment	\$ 277,693,631	\$ 270,291,202	\$ 243,709,385	\$ 277,693,631	\$ 243,709,385
Total assets	\$ 299,046,067	\$ 289,495,918	\$ 266,545,156	\$ 299,046,067	\$ 266,545,156
Working capital deficit	\$ 66,185,217	\$ 58,221,548	\$ 58,848,094	\$ 66,185,217	\$ 58,848,094
Adjusted working capital deficit (which excludes current derivative financial instruments)	\$ 65,005,805	\$ 58,387,741	\$ 60,886,556	\$ 65,005,805	\$ 60,886,556
Non-Current Liabilities	\$ 34,156,921	\$ 35,205,085	\$ 30,490,615	\$ 34,156,921	\$ 30,490,615
Shareholders equity	\$ 184,113,958	\$ 183,627,034	\$ 161,133,141	\$ 184,113,958	\$ 161,133,141
Weighted average number of shares - basic	79,347,205	79,181,805	67,681,804	74,635,948	63,847,376
Weighted average number of shares - diluted	79,347,205	79,181,805	67,681,804	75,123,266	63,847,376

## Company Netbacks (\$/boe)

	2016		2015	Year Ended	
	Q4	Q3	Q4	2016	2015
Sales price	\$ 37.85	\$ 24.75	\$ 27.38	\$ 26.87	\$ 28.77
Royalty income	0.07	0.20	0.34	0.13	0.30
Royalty expense	(1.21)	(1.14)	(2.93)	(0.90)	(1.66)
Production costs	(7.28)	(6.97)	(7.76)	(7.14)	(7.39)
Transportation costs	(1.04)	(1.17)	(1.96)	(1.31)	(1.59)
<b>Field operating netback</b>	<b>28.39</b>	<b>15.67</b>	<b>15.07</b>	<b>17.65</b>	<b>18.43</b>
Realized gain on commodity contract settlement	0.77	1.95	6.73	1.94	10.60
<b>Operating netback</b>	<b>29.16</b>	<b>17.62</b>	<b>21.80</b>	<b>19.59</b>	<b>29.02</b>
G&A	(2.34)	(1.58)	(1.88)	(1.88)	(1.91)
Finance expenses	(2.76)	(1.85)	(2.10)	(2.22)	(2.87)
<b>Funds flow netback</b>	<b>24.05</b>	<b>14.19</b>	<b>17.81</b>	<b>15.49</b>	<b>24.24</b>
Depletion and depreciation	(13.06)	(13.37)	(12.79)	(13.15)	(13.29)
E&E Impairment	-	-	-	(0.70)	(6.19)
Accretion	(0.14)	(0.18)	(0.18)	(0.17)	(0.20)
Stock-based compensation	(0.85)	(0.80)	(1.18)	(0.96)	(0.94)
Unrealized gain (loss) on financial instruments	(5.36)	(0.44)	(4.58)	(3.18)	(7.07)
Gain on Settlement of Lawsuit	-	-	-	12.09	-
Deferred income tax	(5.80)	(1.36)	0.20	(0.01)	(2.01)
<b>Net Income netback</b>	<b>\$ (1.15)</b>	<b>\$ (1.96)</b>	<b>\$ (0.70)</b>	<b>\$ 9.41</b>	<b>\$ (5.47)</b>

## Business Environment

	2016		2015		Year Ended	
	Q4	Q3	Q4	Q3	2016	2015
<b>Realized Pricing (Including realized commodity contracts)</b>						
Oil (\$/bbl)	\$ 64.57	\$ 59.21	\$ 63.36	\$ 63.36	\$ 58.37	\$ 65.55
NGL (\$/bbl)	\$ 30.07	\$ 28.22	\$ 23.68	\$ 23.68	\$ 27.08	\$ 30.00
Gas (\$/mcf)	\$ 3.15	\$ 2.47	\$ 3.18	\$ 3.18	\$ 2.29	\$ 3.28
<b>Realized Pricing (Excluding commodity contracts)</b>						
Oil (\$/bbl)	\$ 63.39	\$ 57.88	\$ 52.33	\$ 52.33	\$ 54.35	\$ 54.24
NGL (\$/bbl)	\$ 28.31	\$ 18.98	\$ 16.25	\$ 16.25	\$ 22.51	\$ 22.10
Gas (\$/mcf)	\$ 3.15	\$ 2.47	\$ 2.57	\$ 2.57	\$ 2.29	\$ 2.85
<b>Oil Price Benchmarks</b>						
West Texas Intermediate ("WTI") (US\$/bbl)	\$ 49.35	\$ 44.95	\$ 42.17	\$ 42.17	\$ 43.35	\$ 48.76
Edmonton Par (C\$/bbl)	\$ 62.00	\$ 55.10	\$ 53.55	\$ 53.55	\$ 51.90	\$ 57.60
Edmonton Par to WTI differential (US\$/bbl)	\$ (2.85)	\$ (2.52)	\$ (2.01)	\$ (2.01)	\$ (4.43)	\$ (3.83)
<b>Natural Gas Price Benchmarks</b>						
AECO gas (Cdn\$/mcf)	\$ 3.10	\$ 2.30	\$ 2.51	\$ 2.51	\$ 2.15	\$ 2.62
<b>Foreign Exchange</b>						
U.S./Canadian Dollar Exchange	\$ 0.75	\$ 0.77	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.78

## Operations Summary

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

	2016		2015		Year Ended	
	Q4	Q3	Q4	Q3	2016	2015
<b>Daily production volumes</b>						
Natural gas (mcf/d)	8,272	9,373	7,769	7,769	9,504	7,722
Oil (bbl/d)	1,248	563	865	865	854	726
NGL's (bbl/d)	548	460	411	411	493	333
Royalty income						
Natural gas (mcf/d)	70	56	212	212	82	196
Oil (bbl/d)	0	5	0	0	2	0
NGL's (bbl/d)	9	9	17	17	10	13
Combined (boe/d 6:1)	3,195	2,609	2,624	2,624	2,956	2,392
<b>Revenue</b>						
Petroleum & natural gas sales - Gross	\$ 11,128,298	\$ 5,939,598	\$ 6,610,187	\$ 6,610,187	\$ 29,078,560	\$ 25,138,007
Royalty income	21,393	48,712	81,956	81,956	135,312	263,004
Realized gain on commodity contract settlement	225,697	468,105	1,623,672	1,623,672	2,102,795	9,258,286
Total sales	11,375,388	6,456,415	8,315,815	8,315,815	31,316,667	34,659,297
Royalty expense	(356,186)	(272,840)	(707,518)	(707,518)	(979,164)	(1,452,385)
Total Revenue - Net of royalties	\$ 11,019,202	\$ 6,183,575	\$ 7,608,297	\$ 7,608,297	\$ 30,337,503	\$ 33,206,912

## Working Capital Summary

The following table summarizes the change in working capital during the year ended December 31, 2016 and December 31, 2015:

		2016		2015
Adjusted Working capital (deficit) - beginning of period	\$	(60,886,556)	\$	(59,766,933)
Funds flow from operations		16,263,727		21,413,401
Additions to property and equipment		(27,672,766)		(36,025,121)
Property Acquisition		(3,707,693)		
Decommissioning costs incurred		(180,862)		(64,178)
Additions to E&E Assets		-		(4,706,547)
Issuance of shares		11,218,610		18,731,470
Other Debt		(40,265)		(468,648)
Adjusted Working capital (deficit) - end of period	\$	(65,005,805)	\$	(60,886,556)
Credit facility limit	\$	80,000,000	\$	80,000,000

## Capital Spending

Capital spending is summarized as follows:

	2016		2015	Year Ended	
Cash additions	Q4	Q3	Q4	2016	2015
Land, acquisitions and lease rentals	\$ 385,257	\$ 1,405,870	\$ 294,939	\$ 2,079,149	\$ 2,855,422
Cash property acquisitions	-	-	-	1,400,000	-
Drilling and completion	10,714,791	8,360,031	9,806,021	19,075,429	23,492,434
Geological and geophysical	184,458	136,404	180,419	913,996	1,164,679
Equipment	2,359,067	517,188	1,156,084	4,085,067	8,307,293
Other asset additions	29,419	16,579	12,221	119,125	205,295
	\$ 13,672,992	\$ 10,436,072	\$ 11,449,684	\$ 27,672,766	\$ 36,025,123

## Annual General Meeting of Shareholders

The Company's Annual General Meeting of Shareholders is scheduled for 10:00 AM on Monday May 15, 2017 in the Tillyard Management Conference Centre, Main Floor, 715 5th Avenue SW, Calgary, AB.

## Year End Disclosure

The Company's financial statements, notes to the financial statements, management's discussion and analysis and annual information form will be 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.

## Forward looking information

*Certain information regarding Yangarra set forth in this news release, 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. 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](http://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.*

*The initial production rates discussed in this press release are not necessarily indicative of long-term performance or of ultimate recovery due to high initial decline rates.*

### ***Barrels of Oil Equivalent***

*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.*

### ***Non-GAAP Financial Measures***

*This press release contains references to measures used in the oil and natural gas industry such as "funds flow from operations", "operating netback", "adjusted working capital deficit", and "net debt". These measures do not have standardized meanings prescribed by generally accepted accounting principles ("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 flow from operations should not be considered an alternative to, or more meaningful than, cash provided by operating, investing and financing activities or net income as determined in accordance with GAAP, as an indicator of Yangarra's performance or liquidity. Funds flow from operations is used by Yangarra to evaluate operating results and Yangarra's ability to generate cash flow to fund capital expenditures and repay indebtedness. Funds flow from operations denotes cash flow from operating activities as it appears on the Company's Statement of Cash Flows before decommissioning expenditures and changes in non-cash operating working capital. Funds flow from operations is also derived from net income (loss) plus non-cash items including deferred income tax expense, depletion and depreciation expense, impairment expense, stock-based compensation expense, accretion expense, unrealized gains or losses on financial instruments and gains or losses on asset divestitures. Funds from operations netback is calculated on a per boe basis and funds from operations per share is calculated as funds from operations divided by the weighted average number of basic and diluted common shares outstanding. Operating netback denotes petroleum and natural gas revenue and realized gains or losses on financial instruments less royalty expenses, operating expenses and transportation and marketing expenses calculated on a per boe basis. Adjusted working capital deficit includes current assets less current liabilities excluding the current portion of the amount drawn on the credit facilities, the current portion of the fair value of financial instruments and the deferred premium on financial instruments. Yangarra 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, plus the long-term financial obligation.*

*Readers should also note that Adjusted EBITDA is a non-GAAP financial measure and do not have any standardized meaning under GAAP and is therefore unlikely to be comparable to similar measures presented by other companies. Yangarra believes that Adjusted EBITDA is a useful supplemental measure, which provide an indication of the results generated by the Yangarra's primary business activities prior to consideration of how those activities are financed, amortized or taxed. Readers are cautioned, however, that Adjusted EBITDA should not be construed as an alternative to comprehensive income (loss) determined in accordance with GAAP as an indicator of Yangarra's financial performance.*

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

*Neither the TSX nor its Regulation Service Provider (as that term is defined in the Policies of the TSX) accepts responsibility for the adequacy and accuracy of this release.*