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Yangarra Announces 2018 Year End Corporate Reserves Information

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Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) releases the results of the 2018 year end oil and gas reserves evaluation.

In 2018, Yangarra drilled 36 wells with a continued emphasis on developing new areas through (small "E") exploration and further delineation of existing areas. Of the 36 wells drilled, 30 wells were brought on production in 2018 with the remaining 6 wells put on production in early 2019 as oil price differentials improved.

As previously disclosed, Yangarra spent a significant amount of infrastructure capital in 2018 and as a result expects a smoother quarterly production growth profile going forward. This infrastructure build also reduced year-over-year operating costs as reflected in the 2018 Reserve Report.

The Company's PDP + PNP NAV grew by 119% to \$3.28 per share.

Reserve Report Highlights:

The independent reserves report prepared by Deloitte LLP is effective as of December 31, 2018 ("2018 Reserve Report"). All reserves information contained in this press release is based on the 2018 Reserve Report. Unless specifically indicated, all financial and operational information in this press release is based on estimates and is unaudited and accordingly, such financial information is subject to change based on the results of the Company's audit.

Proved Developed Producing ("PDP") Reserves

- 23.4 million boe (96% increase from 2017)
- Net present value before tax discounted at 10% ("NPV10") of \$393 million (93% increase from 2017), including abandonment capital for producing and non-producing wells of \$8 million
- Finding and development costs of \$10.15/boe, resulting in a PDP recycle ratio of 2.7 times
- PDP net asset value per fully diluted common share ("NAV per FD Share") of \$2.75
- PDP additions replaced 434% of 2018 production

Proved Non-Producing ("PNP") Reserves

- 1.9 million boe
- NPV10 of \$47 million

- The majority of the PNP value consists of the six wells that were drilled before year-end but not completed. Four of these wells are now producing and the remainder are expected to be brought on-stream before the end of February.

Total Proved reserves ("1P")

- 75.5 million boe (35% increase from 2017)
- NPV10 of \$1.12 billion (55% increase from 2017)
- 1P future development costs of \$393 million
- Finding and development costs of \$6.63/boe resulting in a recycle ratio of 4.1 times
- 1P NAV per FD Share of \$11.01
- 1P Reserve Life Index ("RLI") based on fourth quarter 2018 production of 17.0 years
- 1P additions replaced 672% of 2018 production

Proved plus probable reserves ("2P")

- 126.3 million boe (44% increase from 2017)
- NPV10 of \$1.69 billion (64% increase from 2017)
- 2P Future development costs of \$607 million
- Finding and development costs of \$4.90/boe resulting in a recycle ratio of 5.6 times
- 2P NAV per FD Share of \$17.46
- 2P Reserve Life Index ("RLI") of 28.4 years
- 2P additions replaced 1,220% of 2018 production

Oil and Gas Reserves

The following tables summarize certain information contained in the 2018 Reserve Report. The 2018 Reserve Report encompasses 100% of Yangarra's oil and gas properties and was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") by Deloitte.

Deloitte used their December 31, 2018 price forecasts of US\$58.00/bbl WTI and US\$60.00/bbl WTI for light oil (CDN\$65.80/bbl and CDN\$71.05/bbl for Edmonton Par) for 2019 and 2020, respectively, and \$1.75/mcf and \$2.15/mcf for AECO natural gas in 2019 and 2020, respectively.

Summary of Oil and Gas Reserves ⁽¹⁾⁽²⁾
(Company Share Gross volumes based on forecast price and costs)

Reserves Category

	Light and Medium Oil (Mbbbl)	Natural Gas Liquids (Mbbbl)	Natural Gas (MMcf)	Total BOE 2018 (Mboe)	Total BOE 2017 (Mboe)
Proved Developed Producing	5,211	5,028	79,043	23,412	11,965
Proved Developed Non-Producing	730	327	5,157	1,917	684
Proved Undeveloped	13,624	10,278	157,656	50,178	43,217
Total Proved	19,565	15,632	241,856	75,507	55,866
Probable	13,051	10,739	162,049	50,799	32,023
Total Proved Plus Probable	32,617	26,371	403,905	126,305	87,889

Notes to table:

- (1) Total values may not add due to rounding.
- (2) BOEs are derived by converting gas to oil equivalent in the ratio of six thousand cubic feet of gas to one barrel of oil (6 Mcf:1 bbl).

Summary of Net Present Values of Future Net Revenue (Before Tax) ⁽¹⁾⁽⁴⁾
(based on forecast price and costs)

Reserves Category	As At December 31, 2018 ⁽²⁾					As At December 31, 2017 ⁽³⁾
	0.0% (M\$)	5.0% (M\$)	10.0% (M\$)	15.0% (M\$)	20.0% (M\$)	10.0% (M\$)
Proved Developed Producing	599,868	473,024	393,103	338,640	299,286	203,513
Proved Developed Non-Producing	68,895	55,691	47,202	41,331	37,036	10,993
Proved Undeveloped	1,361,923	936,893	678,893	510,805	395,185	507,455
Total Proved	2,030,686	1,465,608	1,119,198	890,776	731,506	721,962
Probable	1,731,291	925,108	566,699	380,463	272,280	304,626
Total Proved Plus Probable	3,761,978	2,390,716	1,685,897	1,271,239	1,003,786	1,026,588

Notes to table:

- (1) Total values may not add due to rounding.
- (2) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2018.
- (3) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2017.
- (4) Cash flows include the effects of the current Alberta Royalty Framework. The estimated future net reserves are stated before deducting future estimated site restoration costs and are reduced for future abandonment costs and estimated capital for future development associated with the reserves.

Reserve Definitions:

- (a) "Proved" reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

- (b) "Probable" reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.
- (c) "Developed" reserves are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g. when compared to the cost of drilling a well) to put the reserves on production.
- (d) "Developed Producing" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.
- (e) "Developed Non-Producing" reserves are those reserves that either have not been on production, or have previously been on production, but are shut in, and the date of resumption of production is unknown.
- (f) "Undeveloped" reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned.

Finding and Development Costs ("F&D")

Yangarra's F&D costs for 2018, 2017 and the three-year average are presented in the tables below. The costs used in the F&D calculation are the capital costs related to: land acquisition and retention; drilling; completions; tangible well site; tie-ins; and facilities, plus the change in estimated future development costs as per the independent reserve report. Acquisition costs are net of any proceeds from dispositions of properties. Due to the timing of capital costs and the subjectivity in the estimation of future costs, the aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated future development costs generally will not reflect total finding and development costs related to reserve additions for that year. The reserves used in this calculation are Company net reserve additions, including revisions.

Proved Developed Producing Finding & Development Costs (\$ millions)			
	2018	2017	2016 - 2018
Capital expenditures	151.0	83.0	265.0
Reserve additions, net production (Mboe)	14,878	6,213	24,395
Proved Developed Producing F&D costs – including future capital (\$/boe)	10.15	13.36	10.86
Proved Recycle Ratio (\$27.30/boe operating netback)	2.69	2.10	
Proved Finding & Development Costs (\$ millions)			
	2018	2017	2016 - 2018
Capital expenditures	151.0	83.0	265.0
Change in future capital	1.9	140.8	198.3
Total capital for F&D	152.9	223.8	463.3
Reserve additions, net production (Mboe)	23,072	21,504	57,404
Proved F&D costs – including future capital (\$/boe)	6.63	10.41	8.07
Proved F&D costs – excluding future capital (\$/boe)	6.54	3.86	4.62
Proved Recycle Ratio (\$27.30/boe operating netback)			
Including future capital	4.12	2.69	
Excluding future capital	4.17	7.25	

Proved plus Probable Finding & Development Costs (\$ millions)

	2018	2017	2016 - 2018
Capital expenditures	151.0	83.0	265.0
Change in future capital	54.2	186.3	339.9
Total capital for F&D	205.2	269.3	604.9
Reserve additions, net production (Mboe)	41,847	29,349	92,307
Proved plus Probable F&D costs – including future capital (\$/boe)	4.90	9.18	6.55
Proved plus Probable F&D costs – excluding future capital (\$/boe)	3.61	2.86	2.87
Proved plus Probable Recycle Ratio (\$27.30/boe operating netback)			
Including future capital	5.57	3.05	
Excluding future capital	7.57	9.90	

Net Asset Value ("NAV")

As at December 31, 2018	PDP	Total Proved	Proved + Probable
Present Value Reserves, before tax (discounted at 10%) (\$ million)	393.0	1,119.2	1,685.9
Total Net Debt (\$ million) (unaudited)	(155.0)	(155.0)	(155.0)
Proceeds from the exercise of options (2)	3.4	3.4	3.4
Net Asset Value	241.4	967.6	1,534.3
Fully diluted common shares outstanding (million)	87.9	87.9	87.9
Net asset value per share	\$2.75	\$11.01	\$17.46

Notes to tables:

- (1) The preceding table shows what is customarily referred to as a "produce out" net asset value calculation under which the current value of Yangarra's reserves would be produced at the Deloitte forecast future prices and costs. The value is a snapshot in time as at December 31, 2018 and is based on various assumptions including commodity prices and foreign exchange rates that vary over time. In this analysis, the present value of the proved and probable reserves is calculated at a before tax 10 percent discount rate.
- (2) The calculation of proceeds from exercise of stock options and the diluted number of common shares outstanding only include stock options that are "in-the-money" based on the closing price of YGR of \$2.62 as at December 31, 2018.
- (3) Net debt or adjusted working capital (deficit), which represent current assets less current liabilities, excluding current derivative financial instruments, are used to assess efficiency, liquidity and the general financial strength of the Company. There is no IFRS measure that is reasonably comparable to net debt or adjusted working capital (deficit).

Year End Disclosure

The financial statements for the year-ended December 31, 2018 are scheduled to be released on March 7, 2019.

Additional reserve information as required under NI 51-101 will be included in the Company's Annual Information Form which will be filed on SEDAR on or before March 31, 2019.

Further Information

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

Reader Advisories:

Oil and Gas Advisories. 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.

All reserve references in this press release are "Company share gross reserves". Company share gross reserves are the Company's total working interest reserves (operating or non-operating) before the deduction of any royalty obligations but including royalty interests payable to the Company. It should not be assumed that the present worth of estimated future cash flow presented in the tables above represents the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of Yangarra's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein.

This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "recycle ratio", "operating netback", "finding and development costs", "reserve life index" and "net asset value". These terms do not have a standardized meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons.

Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare Yangarra's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from metrics presented in this press release, should not be relied upon for investment or other purposes.

Forward Looking Information. This press release contains forward-looking statements and forward-looking information (collectively "forward-looking information") within the meaning of applicable securities laws relating to the Company's plans and other aspects of our anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities. Forward-looking information typically uses words such as "anticipate", "believe", "continue", "sustain", "project", "expect", "forecast", "budget", "goal", "guidance", "plan", "objective", "strategy", "target", "intend" or similar words suggesting future outcomes, statements that actions, events or conditions "may", "would", "could" or "will" be taken or occur in the future, including statements about our strategy, plans, objectives, priorities and focus, growth plans; our estimations on future costs; volatility of commodity prices, and currency fluctuations. Statements relating to "reserves" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking information is based on certain key expectations and assumptions made by our management, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labour and services; the impact of increasing competition; ability to efficiently integrate assets and employees acquired through acquisitions, ability to market oil and natural gas successfully and our ability to access capital.

Although we believe that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because Yangarra can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. Management has included the above summary of assumptions and risks related to forward-looking information provided in this press release in order to provide security holders with a more complete perspective on our future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect our operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

These forward-looking statements are made as of the date of this press release and we disclaim any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

All reference to \$ (funds) are in Canadian dollars unless otherwise stated.

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.