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Yangarra Announces Third Quarter 2015 Financial and Operating Results

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Yangarra Resources Ltd. ("**Yangarra**" or the "**Company**") (TSX:YGR) announces its financial and operating results for the three and nine months ended September 30, 2015.

Third Quarter Highlights

- Adjusted EBITDA (which excludes changes in derivative financial instruments) was $4.4 million ($0.07 per share - basic).
- Oil and gas sales, after royalties, were $5.3 million with funds flow from operations of $4.2 million ($0.06 per share - basic). This represents a 64% and a 55% decrease, respectively, from the same period in 2014 due to reductions in commodity pricing and shut in production.
- Production was negatively impacted by rolling TransCanada Pipelines Ltd. ("TCPL") sales line shut downs with daily production averaging 2,158 boe/d for the quarter, a 29% decrease from the same period in 2014 and a 1% increase from the second quarter of 2015.
- Net loss of $2.4 million ($0.03 per share - basic) or $1.8 million before tax ($0.02 per share - basic) including a $5.4 million impairment of exploration & evaluation assets in the North Duvernay block.
- Operating costs were $8.78/boe (including $1.38/boe of transportation costs).
- Operating netbacks, which include the impact of commodity contracts, were $24.79 per boe, a 33% decrease from 2014. Field net backs, which do not include the impact of commodity contracts were $17.97, a decrease of 58% from 2014.
- G&A costs of $1.30/boe.
- Royalties were 2% of oil and gas revenue excluding commodity contracts and 2% of oil and gas revenue including commodity contracts.
- Total capital expenditures were $11.7 million.
- Net debt (which excludes the current derivative financial instruments) was $53.5 million down from $59.8 million at 2014 year end.

Cardium Development Update

Yangarra continues to focus on adding value and maximizing full cycle returns, targeting the majority of the 2015 drilling program to new Cardium lands or farm-in lands that were not in last year's reserve report. Internal reserve estimates calculated using current pricing indicate this strategy has more than offset the effect of price erosion from the year end 2014 reserve report which provides support for Yangarra's banking facilities.

With the substantially reduced drilling and completion environment Yangarra estimates that it saved approximately $8 million on the $22 million drilling and completion spending to date in 2015 a 35% reduction from 2014. These savings were experienced despite the fact that the company moved away from drilling two wells on a pad which had improved drilling and completion costs in previous years. With one well drilled on each pad Yangarra can return to drill two to four additional wells on these pads when commodity prices have improved and additional rigs are employed.

TCPL maintenance continues to negatively affect production however a substantial portion of shut-in production has recently come back on-stream. Base production is estimated to be 2,500 boe/d with four recently drilled Cardium HZ wells behind pipe (two 1 mile wells in Ferrier, one 1.5 mile and one 1 mile in North Willesden Green).

The cemented liner/sliding sleeve approach to completions continues to evolve with the most recent completion utilizing 37 fracks over a 1 mile HZ well. Pressure data indicates that communication between the fracks is not occurring even when the spacing is reduced to 30 meters. Initial flow back results suggest that tighter frack spacing's provide incremental production. Yangarra expects that future wells will have up to 45 stages per mile.

Yangarra continues to accumulate Cardium acreage as well as consolidate ownership in existing acreage. The Company estimates that it currently has 462 gross (270 net) future Cardium drilling locations in inventory.

The Company estimates that it has reduced operating and G&A costs by an annualized $1 million per year as a result of various cost saving measures. These savings have been realized without layoffs or salary reductions.

Yangarra`s corporate strategy for 2016 in the current commodity environment is to target and maintain 2,500 – 2,750 boe/d while spending within cash-flow at US$45/bbl WTI. 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.

Financial Summary

	2015 Q3	2014 Q3	Nine Months Ended 2015	Nine Months Ended 2014
Statements of Comprehensive Income				
Petroleum & natural gas sales	$ 5,363,673	$ 14,796,645	$ 18,527,820	$ 44,117,319
Net income (loss) (before tax)	$ (1,782,406)	$ 10,586,337	$ (2,805,495)	$ 15,610,131
Net income (loss)	$ (2,353,636)	$ 7,967,369	$ (4,611,111)	$ 11,538,052
Net income (loss) per share - basic and diluted	$ (0.03)	$ 0.14	$ (0.07)	$ 0.22
Statements of Cash Flow				
Funds flow from operations	$ 4,166,530	$ 9,346,927	$ 17,185,869	$ 27,986,980
Funds flow from (used in) operating activities per share - basic and diluted	$ 0.06	$ 0.16	$ 0.27	$ 0.52
Cash from operating activities	$ 4,599,582	$ 8,910,365	$ 15,094,643	$ 21,305,219
Statements of Financial Position				
Property and equipment	$ 234,947,346	$ 203,295,153	$ 234,947,346	$ 203,295,153
Total assets	$ 261,511,458	$ 224,710,379	$ 261,511,458	$ 224,710,379
Working capital deficit	$ 50,687,278	$ 53,791,373	$ 50,687,278	$ 53,791,373
Adjusted working capital deficit (which excludes current derivative financial instruments)	$ 53,512,533	$ 50,596,689	$ 53,512,533	$ 50,596,689
Non-Current Liabilities	$ 30,494,669	$ 21,164,535	$ 30,494,669	$ 21,164,535
Shareholders equity	$ 160,913,054	$ 134,826,579	$ 160,913,054	$ 134,826,579
Weighted average number of shares - basic	67,681,804	57,746,877	62,555,188	53,512,122
Weighted average number of shares - diluted	67,681,804	60,014,866	62,555,188	53,512,122

Company Netbacks ($/boe)

	2015 Q3	2014 Q3	Nine Months Ended 2015	Nine Months Ended 2014
Sales price	$ 27.02	$ 52.80	$ 29.30	$ 57.42
Royalty income	0.34	0.90	0.29	1.03
Royalty expense	(0.61)	(3.40)	(1.18)	(3.59)
Production costs	(7.39)	(6.45)	(7.25)	(6.61)
Transportation costs	(1.38)	(1.52)	(1.45)	(1.57)
Field operating netback	**17.97**	**42.33**	**19.71**	**46.69**
Commodity contract settlement [(1)]	6.81	(5.13)	12.07	(6.54)
Operating netback	**24.79**	**37.20**	**31.78**	**40.14**
G&A and other (excludes non-cash items)	(1.30)	(2.23)	(1.92)	(1.66)
Finance expenses	(2.59)	(1.42)	(3.16)	(2.47)
Funds flow netback	**20.89**	**33.54**	**26.69**	**36.02**
Depletion and depreciation	(12.85)	(16.72)	(13.49)	(16.56)
E&E Impairment	(27.26)	-	(8.56)	
Accretion	(0.23)	(0.16)	(0.20)	(0.16)
Stock-based compensation	(1.49)	(0.39)	(0.86)	(0.82)
Unrealized gain (loss) on financial instruments	11.95	21.59	(8.03)	1.84
Deferred income tax	(2.88)	(9.37)	(2.86)	(5.30)
Net Income (loss) netback	**$ (11.86)**	**$ 28.49**	**$ (7.29)**	**$ 15.02**

(1) Includes $4 million relating to the monetization of certain commodity contracts in January 2015.

Operations Summary

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

	2015 Q3	2014 Q3	Nine Months Ended 2015	Nine Months Ended 2014
Daily production volumes				
Natural gas (mcf/d)	6,477	9,219	7,711	8,038
Oil (bbl/d)	700	1,004	679	1,014
NGL's (bbl/d)	320	423	307	382
Royalty income				
Natural gas (mcf/d)	232	287	191	315
Oil (bbl/d)	0	9	0	3
NGL's (bbl/d)	19	18	12	23
Combined (boe/d 6:1)	2,158	3,039	2,315	2,814
Revenue				
Petroleum & natural gas sales - Gross	$ 5,363,673	$ 14,546,041	$ 18,527,820	$ 44,117,319
Royalty income	66,770	250,604	181,048	793,859
Commodity contract settlement (1)	1,352,383	(1,216,666)	7,634,614	(5,028,043)
Total sales	6,782,826	13,579,979	26,343,482	39,883,135
Royalty expense	(120,664)	(950,651)	(744,867)	(2,756,123)
Total Revenue - Net of royalties	$ 6,662,162	$ 12,629,328	$ 25,598,615	$ 37,127,012

(1) Includes $4 million relating to the monetization of certain commodity contracts in January 2015.

Working Capital Summary

The following table summarizes the change in adjusted working capital (deficit) during the nine months ended September 30, 2015 and the year ended December 31, 2014:

	2015	2014
Adjusted Working capital (deficit) - beginning of period	$ (59,766,933)	$ (36,794,243)
Funds flow from operations	17,185,869	38,325,988
Additions to property and equipment	(24,501,614)	(78,125,708)
Additions to E&E Assets	(4,706,547)	(1,680,941)
Issuance of shares	18,735,453	26,408,338
Issuance (repayment) of Subordinated Debt	-	(7,786,632)
Decommissioning costs incurred	-	(76,361)
Other Debt	(458,761)	(37,374)
Adjusted Working capital (deficit) - end of period	$ (53,512,533)	$ (59,766,933)

Current Credit facility limit	$ 80,000,000
Current Subordinated debt facility limit	$ 10,000,000

Capital Spending

Capital spending is summarized as follows:

Cash additions	2015 Q3	2014 Q3	Nine Months Ended 2015	Nine Months Ended 2014
Land, acquisitions and lease rentals	$ 223,840	$ 386,844	$ 800,331	$ 2,396,132
Drilling and completion	4,779,372	14,923,634	15,372,738	49,271,094
Geological and geophysical	181,791	458,608	984,260	1,147,492
Equipment	1,795,225	3,829,045	7,151,209	8,210,227
Other asset additions	20,219	(9,272)	193,074	(1,649)
	$ 7,000,447	$ 19,588,859	$ 24,501,612	$ 61,023,296
Exploration & evaluation assets additions	$ 4,706,547	$ -	$ 4,706,547	$ -

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) and are available on the Company's website (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, 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. 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.

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**") an, 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 EBITDA is a non-GAAP financial measures 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 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 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.