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## Yangarra Announces 2017 Year End Corporate Reserves Information

February 13, 2018

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSX:YGR) releases the results of 2017 year end oil and gas reserves evaluation.

### Reserve Report Highlights:

The independent reserves report prepared by Deloitte LLP is effective as of December 31, 2017 ("2017 Reserve Report"). All reserves information contained in this press release is based on the 2017 Reserve Report. Unless specifically indicated, all financial and operational information in this press release is based on estimates and are unaudited.

#### *Proved Developed producing reserves ("PDP")*

- 12.0 million boe (52% increase from 2016)
- Net present value before tax discounted at 10% ("NPV10") of \$204 million (46% increase from 2016)
- Finding and development costs of \$13.36/boe, resulting in a PDP recycle ratio of 2.10 times
- PDP additions replaced 296% of 2017 production

#### *Proved non-producing reserves ("PNP")*

- 0.7 million boe
- NPV10 of \$11 million
- The majority of the PNP value consists of the two wells that were being drilled over year-end, both wells were brought online in early January 2018

#### *Total Proved reserves ("1P")*

- 55.9 million boe (53% increase from 2016)
- NPV10 of \$722 million (47% increase from 2016)
- 1P Future development costs of \$391 million
- Finding and development costs of \$10.41/boe resulting in a recycle ratio of 2.69 times
- 1P net asset value per fully diluted ("FD") common share ("NAV per FD Share") of \$7.19
- 1P Reserve Life Index ("RLI") based on December 2017 production of 20.4 years
- 1P additions replaced 1025% of 2017 production

### *Proved plus probable reserves ("2P")*

- 87.9 million boe (45% increase from 2016)
- NPV10 of \$1.03 billion (40% increase from 2016)
- 2P Future development costs of \$553 million
- Finding and development costs of \$9.18/boe resulting in a recycle ratio of 3.05 times
- 2P NAV per FD Share of \$10.60
- 2P Reserve Life Index ("RLI") of 32.1 years
- 2P additions replaced 1398% of 2017 production

### *Internal rates of return ("IRR")*

- Wells drilled in 2017 resulted in a corporate half cycle IRR of 105% and a full cycle IRR of 86%

### Oil and Gas Reserves

The following tables summarize certain information contained in the 2017 Reserve Report. The 2017 Reserve Report 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 is using a price forecast of US\$55.00/bbl WTI and US\$58.65/bbl WTI for light oil for 2018 and 2019, respectively, and \$2.00/mcf and \$2.30/mcf for AECO natural gas in 2018 and 2019, respectively.

### Summary of Oil and Gas Reserves

*(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 2017 (Mboe)	Total BOE 2016 (Mboe)
Proved Developed Producing	3,102	2,478	38,314	11,965	7,851
Proved Developed Non-Producing	172	105	2,440	684	641
Proved Undeveloped	12,829	8,562	130,960	43,217	27,969
<b>Total Proved</b>	<b>16,102</b>	<b>11,144</b>	<b>171,714</b>	<b>55,866</b>	<b>36,462</b>
Probable	8,866	6,504	99,919	32,023	24,178
<b>Total Proved Plus Probable</b>	<b>24,969</b>	<b>17,648</b>	<b>271,633</b>	<b>87,889</b>	<b>60,640</b>

#### 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).
- (3) "Company Share Gross" reserves are the Company's working interest (operating or non-operating) share and before deducting royalty obligations but including any royalty interests of the Company.

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

Reserves Category	As At December 31, 2017 <sup>(2)</sup>					As At December 31, 2016 <sup>(3)</sup>
	0.0% (M\$)	5.0% (M\$)	10.0% (M\$)	15.0% (M\$)	20.0% (M\$)	10% (M\$)
Proved Developed Producing	311,177	245,008	203,513	175,465	155,362	139,094
Proved Developed Non-Producing	16,842	13,309	10,993	9,381	8,202	8,734
Proved Undeveloped	1,014,758	698,030	507,455	384,233	299,927	341,751
<b>Total Proved</b>	<b>1,342,776</b>	<b>956,347</b>	<b>721,962</b>	<b>569,079</b>	<b>463,491</b>	<b>489,580</b>
Probable	1,028,655	525,409	304,626	192,675	129,409	244,894
<b>Total Proved Plus Probable</b>	<b>2,371,432</b>	<b>1,481,756</b>	<b>1,026,588</b>	<b>761,754</b>	<b>592,900</b>	<b>734,474</b>

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, 2017.
- (3) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2016.
- (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.
- (5) Net present values of future net revenues estimated by Deloitte does not represent fair market value of the reserves. There is no assurance that the forecast price and cost assumptions will be attained and variances could be material.

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.
- (g) The Net Present Value (NPV) is based on Deloitte Forecast Pricing and costs. The estimated NPV does not necessarily represent the fair market value of our reserves. There is no assurance that forecast prices and costs assumed in the Deloitte evaluations will be attained, and variances could be material.

## Finding and Development Costs ("F&D")

Yangarra's F&D costs for 2017, 2016 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.

<b>Proved Developed Producing Finding &amp; Development Costs (\$ millions)</b>	<b>2017</b>	<b>2016</b>	<b>2015 - 2017</b>
Capital expenditures	<b>83.0</b>	31.0	156.0
Reserve additions, net production (Mboe)	<b>6,213</b>	3,304	10,170
Proved Developed Producing F&D costs – including future capital (\$/boe)	<b>13.36</b>	9.38	15.34
<b>Proved Recycle Ratio</b> (\$28.00/boe operating netback)	<b>2.10</b>	2.10	
<b>Proved Finding &amp; Development Costs (\$ millions)</b>	<b>2017</b>	<b>2016</b>	<b>2015 - 2017</b>
Capital expenditures	<b>83.0</b>	31.0	156.0
Change in future capital	<b>140.8</b>	55.6	189.4
Total capital for F&D	<b>223.8</b>	86.6	345.4
Reserve additions, net production (Mboe)	<b>21,504</b>	12,819	39,455
Proved F&D costs – including future capital (\$/boe)	<b>10.41</b>	6.75	8.75
Proved F&D costs – excluding future capital (\$/boe)	<b>3.86</b>	2.42	3.95
<b>Proved Recycle Ratio</b> (\$28.00/boe operating netback)			
Including future capital	<b>2.69</b>	2.92	
Excluding future capital	<b>7.25</b>	8.16	
<b>Proved plus Probable Finding &amp; Development Costs (\$ millions)</b>	<b>2017</b>	<b>2016</b>	<b>2015 - 2017</b>
Capital expenditures	<b>83.0</b>	31.0	156.0
Change in future capital	<b>186.3</b>	99.4	255.3
Total capital for F&D	<b>269.3</b>	130.4	411.3
Reserve additions, net production (Mboe)	<b>29,349</b>	21,102	54,139
Proved plus Probable F&D costs – including future capital (\$/boe)	<b>9.18</b>	6.18	7.60
Proved plus Probable F&D costs – excluding future capital (\$/boe)	<b>2.86</b>	1.47	2.88
<b>Proved plus Probable Recycle Ratio</b> (\$28.00/boe operating netback)			
Including future capital	<b>3.05</b>	3.19	
Excluding future capital	<b>9.90</b>	13.43	

## Net Asset Value ("NAV")

As at December 31, 2017	PDP	Total Proved	Proved + Probable
Present Value Reserves, before tax (discounted at 10%) (\$ million)	203.5	722.0	1,026.6
Total Net Debt (\$ million) (unaudited)	(95.0)	(95.0)	(95.0)
Proceeds from the exercise of options (2)	14.5	14.5	14.5
<b>Net Asset Value</b>	<b>123.1</b>	<b>641.5</b>	<b>946.1</b>
Fully diluted common shares outstanding (million)	89.2	89.2	89.2
<b>Net asset value per share</b>	<b>\$1.38</b>	<b>\$7.19</b>	<b>\$10.60</b>

### 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, 2017 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 \$4.97 and \$1.92 per common share respectively, as at December 31, 2017 and 2016.
- (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, 2017 will be released on March 8, 2018.

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.

For further information, please contact Jim Evaskevich, President and CEO, at (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.

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.

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.

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

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