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For Immediate Release

Yangarra Provides Operations Update and 2019 Guidance

January 7, 2019 - Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) provides an operations update and outlines 2019 guidance.

Operations Update

Production for 2018 averaged approximately 9,400 boe/d which is a 64% increase on a production per share basis when compared to 2017, with fourth quarter 2018 production estimated at 12,200 boe/d.

The Company drilled 36 horizontal (HZ) Cardium wells during 2018. Due to wide Edmonton par differentials in the fourth quarter, six of those wells were not completed ("DUCs") and three additional wells that were completed in the fourth quarter of 2018 were not put on production until January 2019 when differentials improved significantly. In addition, seven wells that were shut in by Yangarra during 2018, due to excessively high third-party processing fees, will be placed on stream in January 2019 through Company owned infrastructure.

Yangarra has now drilled 60 HZ wells into the bioturbated section of the Cardium zone. Well results continue to improve as the Company refines the drilling and completions processes. Wells #41-50 recently achieved 30 days of initial production ("IP-30") data and have the best results to date with average operating day IP-30s of 752 boe/d, which is 55% better than the average operating day IP-30 from wells #1-40.

Yangarra further accelerated its infrastructure build-out in the fourth quarter improving its operating cost advantage from prior years with most of Yangarra's gas gathered and compressed through Company owned infrastructure rather than third party facilities. Additional trucks were added to the fluid hauling fleet, largely eliminating higher priced third-party trucking. The pressure pumping and crew truck division was expanded during the year, again reducing the use of higher priced third-party providers. As industry conditions deteriorated in the second half of 2018, Yangarra reduced drilling and completion costs by replacing those service providers with more cost-effective options.

Several key initiatives, including, adoption of new technology for operations, advances in communications, SCADA, and better software implementation for production accounting have resulted in Yangarra being able to manage much higher levels of production while maintaining static head count in the Calgary office. Yangarra's strategy of geographic and geological concentration in the Central Alberta Cardium allows the Company to maintain a very low G&A burden while leading the industry in drilling and completion operations, all while maintaining best in class operating costs.

The Medicine Hat shallow gas field was shut-in during 2018 due to the poor economics of dry natural gas. The 53 wells in the field were abandoned and the surplus equipment repurposed into Central Alberta operations. The Company expects payout for the abandonment operations in less than two years with savings on property taxes, lease rentals and recovery of equipment.

The Company added 35 gross sections of Cardium land in Central Alberta during 2018, accelerating land purchases into the fourth quarter as historically wide Edmonton par differentials forced further capital reductions by industry. Yangarra now has 155 sections in the halo Cardium in Central Alberta.

This land base provides more than 15 years of drilling inventory utilizing two rigs year-round. During 2018, Yangarra added five future locations for every location drilled during the year at reasonable land metrics which position's the Company to maintain leading full-cycle rates of return.

Capital Budget & Guidance

The Company limited hedging for 2019 and adopted a strategy that will adjust the drilling program to match cashflow to capital spending, completions will be halted completely at WTI prices below USD$45/bbl and drilling will be stopped at WTI prices below USD$40/bbl. Yangarra does not have any take or pay obligations that force the Company to continue operations that are not economic.

The Company's Board of Directors has approved an initial capital budget of $100 million for 2019, which includes the drilling of 24 wells. The budget is expected to increase the Company's annual 2019 production to 13,000 – 14,000 boe/d with cash flow from operations estimated at $95 to $105 million.

The budget assumes an average price of CDN$65.00/bbl for Edmonton par and an average price of CDN$1.75/GJ for AECO natural gas.

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

Forward looking information

This press release contains forward-looking statements. More particularly, this press release contains statements concerning planned exploration and development activities, the anticipated daily production average during 2018, the anticipated profitability of the Company if commodity prices were to future decline from the current levels and the planned corporate strategy during the current commodity environment.

The forward-looking statements in this press release are based on certain key expectations and assumptions made by Yangarra, including expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates and the availability of capital, labour and services.

Although Yangarra believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Yangarra can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, general business, economic, competitive, political and social uncertainties, capital market conditions and market prices for securities and changes to existing laws and regulations. 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.*

Any references in this press release to initial and/or final raw test or production rates and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily determinative of the rates at which such wells will commence production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation. The initial production rate may be estimated based on other third-party estimates or limited data available at this time. In all cases in this press release, initial production or test are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.

Non-GAAP Financial Measures

This press release contains a reference to "net debt". 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).

Barrels of Oil Equivalent

The term barrels of oil equivalent ("BOE") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel (1 Bbl) of crude oil. The boe conversion ratio of 6 mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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