



Suite 1530, 715 – 5 Avenue S.W. Calgary, Alberta T2P 2X6  
Phone: (403) 262-9558 Fax: (403) 262-8281  
Webpage: [www.yangarra.ca](http://www.yangarra.ca) Email: [info@yangarra.ca](mailto:info@yangarra.ca)

## **Yangarra Announces 2021 Second Quarter Financial and Operating Results**

**July 28, 2021**

**Yangarra Resources Ltd.** ("Yangarra" or the "Company") (TSX:YGR) announces its financial and operating results for the three and six months ended June 30, 2021.

### Second Quarter Highlights

- Average production of 8,205 boe/d (46% liquids) during the quarter, a 17% decrease from the same period in 2020
- Oil and gas sales were \$28.5 million, an increase of 75% from the same period in 2020
- Funds flow from operations of \$17.2 million (\$0.20 per share – basic), an increase of 121% from the same period in 2020
- Adjusted EBITDA was \$19.7 million (\$0.23 per share – basic)
- Net income of \$7.8 million (\$0.09 per share – basic, \$10.1 million before tax)
- Operating costs were \$6.74/boe (including \$1.26/boe of transportation costs)
- Field operating netbacks were \$29.78/boe
- Operating netbacks, which include the impact of commodity contracts, were \$27.71/boe
- Operating margins were 73% and funds flow from operations margins were 60%
- G&A costs of \$0.85/boe
- Royalties were 4% of oil and gas revenue
- All in cash costs were \$15.38/boe
- Capital expenditures were \$19.5 million
- Completed its annual borrowing base review and the syndicated senior credit facility has been confirmed at \$210 million
- Adjusted net debt was \$202.7 million
- Adjusted net debt to second quarter annualized funds flow from operations was 2.94 : 1
- Retained earnings of \$126 million
- Corporate LMR is 6.5 with decommissioning liabilities of \$12.5 million (discounted)

## Operations Summary

The Company drilled and completed seven wells during the quarter, including a five-well pad that was brought on production near the end of June and two wells that were brought on-stream in early July. Production during the quarter was negatively impacted by completion activity on the five well pad for adjacent wells and mid-stream maintenance disruptions downstream of Yangarra's O'Chiese facility. As part of the Company's disciplined approach to costs, Yangarra continues to avoid expensive third-party takeaway options when mid-streamers shut down for maintenance.

Yangarra's current production is approximately 10,000 boe/d with all seven wells now onstream. For the remainder of the third quarter, Yangarra is scheduled to drill & complete three wells at O'Chiese and four wells at West Ferrier. The Company expects to have these wells on production by the end of the third quarter.

## Staff Changes

Yangarra has appointed Brett Booth to the role of Vice President, Land, replacing Randall Faminow who is retiring after over a 40-year highly successful career in the energy business. Mr. Faminow has been a key part of Yangarra's business plan of building a top tier Cardium asset in Central Alberta. Yangarra would like to thank Mr. Faminow for his dedication over the last nine years in helping build Yangarra.

Mr. Booth has over 12 years of land experience in all aspects of oil and gas land work, including negotiations, acquisitions and divestments, mergers and contracts. He was previously VP Land at Prairie Thunder Resources, Banded Peak Energy, Petrus Resources and prior thereto held various other land positions at Bonavista Energy.

## Corporate Budget

Yangarra Board has approved an increase in the capital budget from \$60 million to \$85 million which will keep one drilling rig fully utilized for the balance of the year.

## Financial Summary

	2021		2020	Six Months Ended	
	Q2	Q1	Q2	2021	2020
<b>Statements of Income and Comprehensive Income</b>					
Petroleum & natural gas sales	\$ 28,529	\$ 28,475	\$ 16,290	\$ 57,004	\$ 43,725
Income before tax	\$ 10,090	\$ 11,919	\$ (2,933)	\$ 22,009	\$ 944
Net income	\$ 7,753	\$ 9,117	\$ (2,801)	\$ 16,870	\$ 34
Net income per share - basic	\$ 0.09	\$ 0.11	\$ (0.03)	\$ 0.20	\$ 0.00
Net income per share - diluted	\$ 0.09	\$ 0.10	\$ (0.03)	\$ 0.19	\$ 0.00
<b>Statements of Cash Flow</b>					
Funds flow from operations	\$ 17,240	\$ 17,091	\$ 7,795	\$ 34,331	\$ 23,138
Funds flow from operations per share - basic	\$ 0.20	\$ 0.20	\$ 0.09	\$ 0.40	\$ 0.27
Funds flow from operations per share - diluted	\$ 0.19	\$ 0.20	\$ 0.09	\$ 0.39	\$ 0.27
Cash from operating activities	\$ 19,367	\$ 12,986	\$ 1,606	\$ 32,353	\$ 17,381
<b>Statements of Financial Position</b>					
Property and equipment	\$ 589,275	\$ 575,296	\$ 554,479	\$ 589,275	\$ 554,479
Total assets	\$ 636,534	\$ 625,776	\$ 604,105	\$ 636,534	\$ 604,105
Working capital (deficit) surplus	\$ (6,667)	\$ (1,656)	\$ 2,181	\$ (6,667)	\$ 2,181
Adjusted net debt	\$ 202,662	\$ 199,428	\$ 192,067	\$ 202,662	\$ 192,067
Shareholders equity	\$ 330,039	\$ 321,784	\$ 306,638	\$ 330,039	\$ 306,638
Weighted average number of shares - basic	85,637	85,416	85,380	85,527	85,380
Weighted average number of shares - diluted	89,098	87,159	85,380	88,675	85,640

## Company Netbacks (\$/boe)

	2021			2020	Six Months Ended	
	Q2	Q1		Q2	2021	2020
Sales price	\$ 38.21	\$ 36.22		\$ 18.13	\$ 37.19	\$ 21.83
Royalty expense	(1.69)	(2.08)		(0.35)	(1.89)	(0.98)
Production costs	(5.49)	(4.74)		(5.37)	(5.11)	(5.53)
Transportation costs	(1.25)	(1.10)		(0.96)	(1.17)	(0.98)
<b>Field operating netback</b>	<b>29.78</b>	<b>28.30</b>		<b>11.45</b>	<b>29.02</b>	<b>14.34</b>
Realized gain (loss) on commodity contract settlement	(2.07)	(2.35)		(0.08)	(2.21)	0.00
<b>Operating netback</b>	<b>27.71</b>	<b>25.96</b>		<b>11.37</b>	<b>26.81</b>	<b>14.34</b>
G&A	(0.85)	(0.67)		(0.66)	(0.76)	(0.69)
Cash Finance expenses	(4.16)	(3.79)		(2.11)	(2.56)	(3.96)
Depletion and depreciation	(8.09)	(8.04)		(8.46)	(8.07)	(8.41)
Non Cash - Finance expenses	(0.79)	3.42		(1.71)	(0.04)	(0.05)
Stock-based compensation	(0.45)	(0.28)		(1.68)	(0.36)	(1.04)
Unrealized gain (loss) on financial instruments	0.15	(1.42)		(0.07)	(0.66)	0.28
Deferred income tax	(3.13)	(3.56)		0.15	(3.35)	(0.45)
<b>Net Income netback</b>	<b>\$ 10.39</b>	<b>\$ 11.61</b>		<b>\$ (3.17)</b>	<b>\$ 11.02</b>	<b>\$ 0.01</b>

## Business Environment

	2021			2020	Six Months Ended	
	Q2	Q1		Q2	2021	2020
<b>Realized Pricing (Including realized commodity contracts)</b>						
Oil (\$/bbl)	\$ 67.01	\$ 60.80		\$ 31.31	\$ 64.29	\$ 44.36
NGL (\$/bbl)	\$ 38.69	\$ 38.48		\$ 13.82	\$ 38.59	\$ 15.33
Gas (\$/mcf)	\$ 3.44	\$ 3.07		\$ 2.24	\$ 3.20	\$ 2.10
<b>Realized Pricing (Excluding commodity contracts)</b>						
Oil (\$/bbl)	\$ 75.55	\$ 68.33		\$ 31.31	\$ 72.30	\$ 44.28
NGL (\$/bbl)	\$ 38.53	\$ 38.60		\$ 13.98	\$ 38.57	\$ 15.38
Gas (\$/mcf)	\$ 3.42	\$ 3.14		\$ 2.25	\$ 3.23	\$ 2.11
<b>Oil Price Benchmarks</b>						
West Texas Intermediate ("WTI") (US\$/bbl)	\$ 66.09	\$ 57.91		\$ 28.00	\$ 61.94	\$ 36.82
Edmonton Par (\$/bbl)	\$ 75.26	\$ 68.79		\$ 28.67	\$ 72.03	\$ 40.06
Edmonton Par to WTI differential (US\$/bbl)	\$ (4.81)	\$ (3.57)		\$ (7.31)	\$ (4.19)	\$ (7.47)
<b>Natural Gas Price Benchmarks</b>						
AECO gas (\$/mcf)	\$ 3.14	\$ 2.99		\$ 1.89	\$ 2.95	\$ 1.91
<b>Foreign Exchange</b>						
Canadian Dollar/U.S. Exchange	0.81	0.79		0.72	0.80	0.73

## Operations Summary

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

	2021		2020	Six Months Ended	
	Q2	Q1	Q2	2021	2020
<b>Daily production volumes</b>					
Natural gas (mcf/d)	26,558	28,022	33,214	27,286	35,962
Oil (bbl/d)	2,088	2,414	2,513	2,240	3,029
NGL's (bbl/d)	1,691	1,652	1,827	1,682	1,976
Combined (boe/d 6:1)	8,205	8,736	9,875	8,469	10,999
<b>Revenue</b>					
Petroleum & natural gas sales - Gross	\$ 28,529	\$ 28,475	\$ 16,290	\$ 57,004	\$ 43,725
Realized gain (loss) on commodity contract settlement	(1,545)	(1,845)	(69)	(3,390)	(16)
Total sales	26,984	26,630	16,221	53,614	43,709
Royalty expense	(1,263)	(1,633)	(314)	(2,896)	(1,954)
Total Revenue - Net of royalties	\$ 25,721	\$ 24,997	\$ 15,907	\$ 50,718	\$ 41,755

## Working Capital Summary

The following table summarizes the change in adjusted net debt during the six months ended June 30, 2021 and year December 31, 2020:

	Six months ended		Year ended	
	June 30, 2021		December 31, 2020	
Adjusted net debt - beginning of period	\$	(197,414)	\$	(187,711)
Funds flow from operations		34,331		45,524
Additions to property and equipment		(38,055)		(51,093)
Decommissioning costs incurred		(344)		(389)
Additions to E&E Assets		(134)		(426)
Issuance of shares		217		-
Other		(1,263)		(3,319)
Adjusted net debt - end of period	\$	(202,662)	\$	(197,414)
Credit facility limit	\$	210,000	\$	210,000

## Capital Spending

Capital spending is summarized as follows:

	2021		2020	Six Months Ended	
	Q2	Q1	Q2	2021	2020
Cash additions					
Land, acquisitions and lease rentals	\$ (63)	\$ (121)	\$ 36	\$ (184)	\$ 140
Drilling and completion	17,621	16,527	372	34,149	22,935
Geological and geophysical	121	271	145	391	316
Equipment	1,616	1,770	273	3,386	2,241
Other asset additions	173	140	258	312	459
	\$ 19,468	\$ 18,587	\$ 1,084	\$ 38,055	\$ 26,092
Exploration & evaluation assets	\$ 134	\$ -	\$ -	\$ 134	\$ 426

## **Quarter End Disclosure**

The Company's financial statements, notes to the financial statements and management's discussion and analysis 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***

*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.*

*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 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](http://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.*

## ***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.*

## ***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 earnings before interest, taxes, depletion & depreciation, amortization ("Adjusted 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 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.*

*Please refer to the management discussion and analysis for the six-month period ended June 30, 2021 for Non-GAAP financial measure reconciliation tables.*

*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.*