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Yangarra Announces Financial and Operations Update & Year End Corporate Reserves Information

February 1, 2022

Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) announces financial and operations update and the results of its 2021 year-end oil and gas reserves evaluation.

Financial Update (all numbers are unaudited and approximate)

Fourth quarter production averaged 10,060 boe/d (44% liquids) generating funds flow from operations of \$32 million (\$0.38 per share). Capital spending for the fourth quarter of \$27 million was higher than previously forecast primarily due to drilling through the Christmas break and additional reclamation and abandonment activities. The fourth quarter operating netback was \$39.62/boe and net debt at December 31, 2021 was \$197 million, resulting in an annualized debt to funds flow ratio of 1.5:1 vs 2.1:1 for the quarter ended September 31, 2021.

Operations Update

The Company brought on four wells in late December 2021 and has drilled an additional eight wells (completed six) on the fourteen-well pad in West Ferrier in late January.

Since pioneering the economic development of bioturbated Cardium wells five years ago, the strategic progression of the Company has been as follows:

- 2016 & 2017 were used to determine where drilling bioturbated wells was economic and to accumulate potential acreage.
- 2018 & 2019 was spent building out the gathering and compression infrastructure as well as expanding the fluid hauling group to handle planned production growth.
- During 2020 & 2021 work commenced on ESG initiatives including; identifying baseline carbon intensity, implementing numerous methane and CO2 reduction initiatives, reducing the non producing well ARO to less than \$2 million and diversifying the Board of Directors and staff. Also, during this period, the internal Oilfield Servicing Group ("OFS") (working exclusively for Yangarra) was expanded with the addition of earth moving, road maintenance and rig hauling equipment.
- With these important building blocks in place, the Company will focus on debt reduction for 2022, while maintaining a 30-well capital program. 2022 production guidance remains at 12,000 boe/d with funds flow from operations estimated at \$130 million assuming CDN\$78.00/bbl for Edmonton par and CDN\$3.50/GJ for AECO natural gas.

ESG Report

The Company is pleased to announce the publication of its inaugural ESG report. ESG standards have been a core principle of Yangarra's operations for years as evidenced by the Company's low

ARO & recent work on reducing emissions. The ESG report will allow stakeholders to benchmark Yangarra's metrics with a peer group and highlights Yangarra's stellar track record. The report can be found on our website at www.yangarra.ca.

Reserve Report Highlights

Summary

Yangarra has been drilling its bioturbated Cardium formation for over five years. Initial decline profiles were determined without the benefit of production history, as none existed, and were therefore based entirely on initial production rates. As significant production history is now available, the reserve report and in particular the Company's proved developed non-producing reserves is being revised appropriately with the updated production history. To better reflect the accumulated progression of drilling and production in the bioturbated Cardium, the Company is presenting a 5-year average for F&D costs.

The reserve report uses an Edmonton Par price of \$81.25/bbl for 2022 vs current pricing for Edmonton par at over \$95.00/bbl.

All reserves information contained in this press release are based on the Company's 2021 NI 51-101 oil and gas reserve report dated February 1, 2022, as prepared by Deloitte LLP (The "**2021 Reserve Report**").

Proved Developed Producing ("PDP") Reserves

- 19.6 million boe (14% decrease from 2020)
- Net present value before tax discounted at 10% ("NPV10") of \$345 million (9% increase from 2020)
- Yangarra's trailing 5-year PDP F&D is \$17.25/boe
- PDP net asset value per fully diluted common share ("NAV per FD Share") of \$1.63
- PDP Reserve Life Index ("RLI") based on fourth quarter 2021 production of 5.3 years

Total Proved reserves ("1P")

- 82.8 million boe (14% decrease from 2020)
- NPV10 of \$1.0 billion (1% decrease from 2020)
- 1P future development costs of \$443 million
- Yangarra's trailing 5-year 1P F&D is \$10.87/boe
- 1P NAV per FD Share of \$8.92
- RLI based on fourth quarter 2021 production of 22.7 years

Proved plus probable reserves ("2P")

- 141.2 million boe (10% decrease from 2020)
- NPV10 of \$1.5 billion (1% increase from 2020)
- 2P Future development costs of \$658 million
- Yangarra's trailing 5-year 2P F&D is \$8.06/boe
- 2P NAV per FD Share of \$13.86
- RLI of 38.7 years

Oil and Gas Reserves

The following tables summarize certain information contained in the 2021 Reserve Report. The 2021 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.

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)	Conventional Gas (MMcf)	Shale Gas (MMcf)	Total BOE 2021 (Mboe)	Total BOE 2020 (Mboe)
Proved Developed Producing	3,972	4,029	68,792	521	19,553	22,754
Proved Developed Non-Producing	143	296	5,092	0	1,288	12,595
Proved Undeveloped	13,768	12,492	208,703	5,315	61,929	61,084
Total Proved	17,883	16,817	282,587	5,835	82,770	96,434
Probable	12,109	12,350	196,865	7,692	58,461	61,127
Total Proved Plus Probable	29,902	29,166	479,453	13,527	141,232	157,561

Notes:

- (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, 2021 ⁽²⁾					As At December 31, 2020 ⁽³⁾
	0.0% (M\$)	5.0% (M\$)	10.0% (M\$)	15.0% (M\$)	20.0% (M\$)	10.0% (M\$)
Proved Developed Producing	493,715	404,060	345,074	303,694	273,146	316,329
Proved Developed Non-Producing	26,153	19,487	15,348	12,613	10,705	160,446
Proved Undeveloped	1,242,479	890,609	676,652	536,017	438,033	573,429
Total Proved	1,762,346	1,314,155	1,037,073	852,323	721,883	1,050,203
Probable	1,417,042	762,882	469,039	313,911	222,951	439,246
Total Proved Plus Probable	3,179,388	2,077,037	1,506,113	1,166,235	944,834	1,489,449

Notes:

- (1) Total values may not add due to rounding.
- (2) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2021.
- (3) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2020.
- (4) Cash flows 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.

Reconciliations of Changes in Reserves

The following table sets out a reconciliation of the changes in the Corporation's reserves as at December 31, 2021 against such reserves at December 31, 2020 based on forecast prices and cost assumptions:

	Light and Medium Oil			Natural Gas Liquids		
	Gross Proved (Mstb)	Gross Probable (Mstb)	Gross Proved Plus Probable (Mstb)	Gross Proved (Mstb)	Gross Probable (Mstb)	Gross Proved Plus Probable (Mstb)
Opening Balance	19,972.4	12,153.9	32,126.4	19,709.0	12,959.3	32,668.2
Production	-882.8	0.0	-882.8	-691.7	0.0	-691.7
Technical Revisions	-3,006.8	-981.6	-3,988.5	-4,233.1	-1,678.0	-5,911.0
Extensions	1,785.5	818.5	2,604.0	2,020.7	1,045.0	3,065.7
Economic Factors	15.0	28.2	43.2	11.7	23.1	34.8
Closing Balance	17,883.4	12,018.9	29,902.3	16,816.5	12,349.5	29,166

	Conventional Gas			Shale Gas		
	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)
Opening Balance	333,869.6	207,953.4	541,823.0	6,643.0	8,131.8	14,774.8
Production	-11,728.6	0.0	-11,728.6	-65.1	0.0	-65.1
Technical Revisions	-74,175.3	-29,187.3	-103,362.6	-742.7	-439.6	-1,182.2
Extensions	34,417.6	17,697.1	52,114.8	0.0	0.0	0.0
Economic Factors	204.1	401.9	606.0	0.0	0.0	0.0
Closing Balance	282,587.4	196,865.2	479,452.6	5,835.2	7,692.2	13,527.4

	MBOE		
	Gross Proved (Mboe)	Gross Probable (Mboe)	Gross Proved Plus Probable (Mboe)
Opening Balance	96,433.5	61,127.4	157,560.9
Production	-3,540.1	0.0	-3,540.1
Technical Revisions	-19,726.2	-7,597.4	-27,323.6
Extensions	9,542.5	4,813.0	14,355.5
Economic Factors	60.7	118.3	179.0
Closing Balance	82,770.3	58,461.4	141,231.6

Forecast Prices Used in Estimates

The forecast price and market forecasts prepared by Deloitte are based on information available from numerous government agencies, industry publication, oil refineries, natural gas marketers, and industry trends. The prices are Deloitte's best estimate of how the future will look, based on the many uncertainties that exist in both the domestic Canadian and international petroleum industries. Deloitte considers the current monthly trends, the actual and trends for the year to date, and the prior year actual in determining the forecast. The crude oil and natural gas forecasts are based on yearly variable factors weighted to higher percent in current data and reflecting a higher percent to the prior year historical. These forecasts are Deloitte's interpretation of current available information and while they are considered reasonable, changing market conditions or additional information may require alteration from the indicated effective date.

Inflation forecasts and exchange rates, an integral part of the forecast, have also been considered.

	Price Inflation Rate	Cost Inflation Rate	Cdn to US Exchange Rate
2022	0.0%	0.0%	0.800
2023	2.0%	2.0%	0.800
2024	2.0%	2.0%	0.800
2025	2.0%	2.0%	0.800
2026 beyond	2.0%	2.0%	0.800

Oil, NGL, and natural gas base case prices, utilized by Deloitte in the Deloitte Reserve Report were as follows:

Year	Oil		Natural Gas		Natural Gas Liquids		
	WTI Cushing (Oklahoma) (\$US/bbl)	Edmonton City Gate 40° API (\$Cdn/bbl)	Alberta Reference – Gas Prices (\$Cdn/mcf)	Alberta AECCO – Gas Prices (\$Cdn/mcf)	Pentanes + Condensate Edmonton (\$Cdn/bbl)	Butanes Edmonton (\$Cdn/bbl)	Propane Edmonton (\$Cdn/bbl)
Forecast							
2022	\$69.00	\$81.25	\$3.25	\$3.65	\$85.30	\$56.90	\$44.70
2023	\$65.30	\$75.25	\$2.85	\$3.25	\$79.00	\$45.15	\$33.85
2024	\$61.40	\$70.25	\$2.75	\$3.15	\$73.75	\$42.15	\$31.65
2025	\$62.60	\$71.65	\$2.80	\$3.25	\$75.25	\$43.00	\$32.25
2026	\$63.85	\$73.05	\$2.85	\$3.30	\$76.75	\$43.85	\$32.90

Escalation of 2.0% Thereafter

Notes:

- All prices are in Canadian dollars except WTI which are in U.S. dollars.
- Edmonton City Gate prices based on light sweet crude posted at major Canadian refineries (40 Deg. API <0.5% Sulphur).
- Natural Gas Liquid prices are forecasted at Edmonton therefore an additional transportation cost must be included to plant gate sales point.
- 1 Mcf is equivalent to 1 mmbtu.
- Alberta gas prices, except AECCO, include an average cost of service to the plant gate.

Finding and Development Costs

Yangarra's F&D costs for 2021, 2020 and the five-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)

	2021	2020	2017 - 2021
Capital expenditures	88.5	51.5	494.8
Reserve additions, net production (Mboe)	58.9	845	28,686
Proved Developed Producing F&D costs – including future capital (\$/boe)	1,502.2	60.76	17.25
Proved Recycle Ratio (\$32.25/boe annual operating netback)	0.02	0.26	

Proved Finding & Development Costs (\$ millions)

	2021	2020	2017 - 2021
Capital expenditures	88.5	51.5	494.8
Change in future capital	23.5	(9.7)	193.0
Total capital for F&D	108.5	41.8	684.3
Reserve additions, net production (Mboe)	(10,404)	14,452	63,289
Proved F&D costs – including future capital (\$/boe)	N/A	2.88	10.87
Proved F&D costs – excluding future capital (\$/boe)	N/A	3.55	7.82
Proved Recycle Ratio			
Including future capital	N/A	5.56	
Excluding future capital	N/A	4.51	

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

	2021	2020	2017 - 2021
Capital expenditures	88.5	51.5	494.8
Change in future capital	36.4	(28.2)	291.8
Total capital for F&D	121.4	23.3	783.1
Reserve additions, net production (Mboe)	(13,070)	15,534	97,572
Proved plus Probable F&D costs – including future capital (\$/boe)	N/A	1.49	8.06
Proved plus Probable F&D costs – excluding future capital (\$/boe)	N/A	3.31	5.07
Proved plus Probable Recycle Ratio			
Including future capital	N/A	10.74	
Excluding future capital	N/A	4.85	

Net Asset Value ("NAV")

As at December 31, 2021	PDP	Total Proved	Proved + Probable
Present Value Reserves, before tax (discounted at 10%)	345.1	1037.1	1,506.1
Total Net Debt (\$ million) (unaudited)	(197.0)	(197.0)	(197.0)
Proceeds from the exercise of options (2)	7.1	7.1	7.1
Net Asset Value	155.2	847.2	1,316.2
Fully diluted common shares outstanding (million)	94.9	94.9	94.9
Net asset value per share	\$1.63	\$8.92	\$13.86

Notes to table:

- (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, 2021 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 \$1.57 as at December 31, 2021.
- (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 audited financial statements for the year-ended December 31, 2021 are scheduled to be released on March 3, 2022.

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, 2022.

Further Information

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

Reader Advisories:

Unaudited Financial Information and Non-IFRS Measures

Certain financial and operating information included in this press release for the quarter and year ended December 31, 2021, including F&D costs and netbacks are based on estimated unaudited financial results for the quarter and year then ended, and are subject to the same limitations as discussed under Forward Looking Information set out below. These estimated amounts may change upon the completion of audited financial statements for the year ended December 31, 2021 and changes could be material.

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 obligation s but including royalty interests payable 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.

All amounts in this news release are stated in Canadian dollars unless otherwise specified. Our oil and gas reserves statement for the year ended December 31, 2021, which will include complete disclosure of our oil and gas reserves and other oil and gas information in accordance with NI 51-101, will be contained within our Annual Information Form which will be available on our SEDAR profile at www.sedar.com on or before March 31, 2022. The recovery and reserve estimates contained herein are estimates only and there is no guarantee that the estimated reserves will be recovered. In relation to the disclosure of estimates for individual properties, such estimates may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation. The Company's belief that it will establish additional reserves over time with conversion of probable undeveloped reserves into proved reserves is a forward-looking statement and is based on certain assumptions and is subject to certain risks, as discussed below under the heading "*Forward-Looking Information*".

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; benefits to shareholders of our programs and initiatives, the timing, location and extent of future drilling operations; the expected timing of release of our audited financials and AIF; 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.