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Yangarra Announces 2021 Year End Financials and Operating Results

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Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) announces its financials and operating results for the year ended December 31, 2021.

Guidance Update

Although commodity prices have improved dramatically since Yangarra released its 2022 budget, the Company remains committed to a disciplined one-rig 30 well program, with the balance of free-cash flow generated to be used for debt retirement until the Company achieves its debt targets. At prevailing commodity prices, the Company expects to realize these targets by summer 2022, at which point a return of capital strategy will be implemented.

The production guidance of 12,000 boe/d and the \$105 million of capital spending in the 2022 budget remains unchanged, however projected cash flow has improved by over 20% to \$165 million, resulting in a revised budgeted cash flow per share of \$1.90.

The above budget now assumes a WTI price of US\$85 with a differential of US\$5.00 and US to CDN exchange rate of 1.25, resulting in an Edmonton par price of CDN\$100/bbl and CDN\$4.00/GJ for AECO natural gas. Yangarra has hedged approximately 20% of 2022 summer gas at CDN\$4.50/GJ.

Operations Update

The Company started the development of a 14-well pad at West Ferrier in Q4 2021. As a result of improved drilling times and cost efficiencies, the initial 6 (3.0 net) 1.0-mile wells were drilled at a faster pace than expected and the wells were placed onstream by mid February. The remaining wells on the pad are 100% wells. Four additional wells were drilled on the pad while completion operations were underway on the first six wells. Completions are underway on the next four wells. The final four wells on the pad are scheduled to be drilled in Q2 due to lease logistics.

The drilling rig is currently drilling four 100% wells on an eight well pad in the Cow Lake area, the balance of the pad will be drilled in Q3 due to water access scheduling.

As activity increases in western Canada, the impact on accessing services and raw materials is resulting in a rapid inflationary environment. Yangarra's past strategic build-out of the Company's oil-field services group has helped mitigate these pressures. Yangarra expects to maintain a tight cost structure on drilling and completions operations with some potential inflation on raw material purchases.

ESG Report

Yangarra announced the publication of its inaugural ESG report in February 2022 (www.yangarra.ca). The Company is on-track with all emissions reduction targets and ESG standards remain a core principle of Yangarra's operations.

2021 Highlights

- Average Production of 8,931 boe/d (46% liquids), a decrease of 10% from 2020
- Oil and gas sales were \$140.3 million, an increase of 64% from 2020
- Funds flow from operations of \$90.9 million (\$1.06 per share - basic) an increase of 104% from 2020
- Adjusted EBITDA (which excludes changes in derivative financial instruments) was \$100.9 million (\$1.18 per share - basic)
- Net income of \$50.0 million (\$0.58 per share - basic, \$65.2 million before tax), resulting in a net income margin of 36%
- Return on capital employed of 11.4% (Earnings before interest and taxes divided by (Total assets minus current liabilities))
- Operating costs were \$6.70/boe (including \$1.10/boe of transportation costs)
- Operating netbacks, which include the impact of commodity contracts, were \$32.27 per boe
- Operating margins were 75% and funds flow margins were 67%
- G&A costs of \$0.90/boe
- Royalties were 6% of oil and gas revenue
- Capital expenditures (including \$0.4 million of land) were \$88 million
- Net debt (which excludes the current derivative financial instruments) was \$196.8 million
- Retained earnings of \$159 million
- Decommissioning liabilities of \$13.8 million (discounted)

Fourth Quarter Highlights

- Average production of 10,060 boe/d (44% liquids) during the quarter, a 10% increase from the same period in 2020
- Oil and gas sales were \$47.4 million, an increase of 106% from the same period in 2020
- Funds flow from operations of \$32.4 million (\$0.38 per share – basic), an increase of 161% from the same period in 2020
- Adjusted EBITDA (which excludes changes in derivative financial instruments) was \$35.0 million (\$0.42 per share - basic)
- Net income of \$19.6 million (\$0.23 per share – basic, \$25.5 million before tax), an increase of 344% from the same period in 2020
- Operating costs were \$7.41/boe (including \$1.09/boe of transportation costs)
- Field operating netbacks were \$40.26/boe
- Operating netbacks, which include the impact of commodity contracts, were \$39.32/boe
- Operating margins were 77% and funds flow from operations margins were 68%
- G&A costs of \$1.09/boe
- Royalties were 7% of oil and gas revenue
- All in cash costs were \$16.48/boe
- Capital expenditures were \$26.4 million
- Net Debt to fourth quarter annualized funds flow from operations was 1.5 : 1

Financial Summary

	2021			2020		Year Ended				
	Q4	Q3	Q4	2021	2020	2021	2020			
Statements of Income and Comprehensive Income										
Petroleum & natural gas sales	\$	47,405	\$	35,880	\$	23,064	\$	140,289	\$	85,699
Income before tax	\$	25,547	\$	17,657	\$	5,754	\$	65,213	\$	7,389
Net income	\$	19,644	\$	13,500	\$	4,276	\$	50,014	\$	4,847
Net income per share - basic	\$	0.23	\$	0.16	\$	0.05	\$	0.58	\$	0.06
Net income per share - diluted	\$	0.22	\$	0.15	\$	0.05	\$	0.56	\$	0.06
Statements of Cash Flow										
Funds flow from operations	\$	32,425	\$	24,126	\$	12,460	\$	90,921	\$	44,619
Funds flow from operations per share - basic	\$	0.38	\$	0.28	\$	0.15	\$	1.06	\$	0.52
Funds flow from operations per share - diluted	\$	0.36	\$	0.27	\$	0.15	\$	1.02	\$	0.52
Cash from operating activities	\$	36,835	\$	22,078	\$	19,192	\$	91,266	\$	44,271
Statements of Financial Position										
Property and equipment	\$	627,948	\$	606,945	\$	563,290	\$	627,948	\$	563,290
Total assets	\$	683,469	\$	656,849	\$	609,989	\$	683,469	\$	609,989
Working capital (deficit) surplus	\$	(3,729)	\$	(5,946)	\$	10	\$	(3,729)	\$	10
Adjusted net debt	\$	196,794	\$	201,811	\$	197,379	\$	196,794	\$	197,379
Shareholders equity	\$	364,959	\$	344,397	\$	312,260	\$	364,959	\$	312,260
Weighted average number of shares - basic		86,449		86,051		85,380		85,892		85,380
Weighted average number of shares - diluted		90,636		89,802		85,588		89,376		85,783

Company Netbacks (\$/boe)

	2021			2020		Year Ended			
	Q4	Q3	Q4	2021	2020	2021	2020		
Sales price	\$51.22	\$	44.78	\$	27.34	\$	43.04	\$	23.68
Royalty expense	(3.55)	(3.17)	(1.52)	(2.68)	(1.16)				
Production costs	(6.32)	(5.71)	(5.02)	(5.60)	(5.26)				
Transportation costs	(1.09)	(0.98)	(1.03)	(1.10)	(1.06)				
Field operating netback	40.26	34.92	19.77	33.66	16.20				
Realized gain (loss) on commodity contract settlement	(0.94)	(0.33)	(0.38)	(1.39)	(0.18)				
Operating netback	39.32	34.58	19.39	32.27	16.02				
G&A	(1.09)	(0.95)	(0.89)	(0.90)	(0.65)				
Cash Finance expenses	(3.53)	(3.96)	(3.73)	(2.52)	(4.21)				
Depletion and depreciation	(9.42)	(7.62)	(8.04)	(8.34)	(8.36)				
Non Cash - Finance expenses	1.67	0.60	(0.06)	(0.05)	(0.05)				
Abandonment Expenses	-	-	(0.21)	-	(0.05)				
Stock-based compensation	(0.40)	(0.49)	(0.61)	(0.41)	(0.74)				
Unrealized gain (loss) on financial instruments	1.04	(0.12)	0.96	(0.04)	0.09				
Deferred income tax	(6.38)	(5.19)	(1.75)	(4.66)	(0.70)				
Net Income netback	\$ 21.21	\$ 16.85	\$ 5.06	\$ 15.35	\$ 1.35				

Business Environment

	2021		2020		Year Ended	
	Q4	Q3	Q4	2021	2020	
Realized Pricing (Including realized commodity contracts)						
Light Crude Oil (\$/bbl)	\$ 89.49	\$ 84.78	\$ 55.13	\$ 78.24	\$ 47.64	
NGL (\$/bbl)	\$ 51.54	\$ 51.13	\$ 24.32	\$ 45.11	\$ 18.45	
Natural Gas (\$/mcf)	\$ 4.67	\$ 3.71	\$ 2.64	\$ 3.75	\$ 2.28	
Realized Pricing (Excluding commodity contracts)						
Light Crude Oil (\$/bbl)	\$ 89.49	\$ 84.90	\$ 55.13	\$ 82.01	\$ 47.59	
NGL (\$/bbl)	\$ 51.61	\$ 51.06	\$ 24.43	\$ 45.10	\$ 18.49	
Natural Gas (\$/mcf)	\$ 4.95	\$ 3.81	\$ 2.75	\$ 3.87	\$ 2.34	
Oil Price Benchmarks						
West Texas Intermediate ("WTI") (US\$/bbl)	\$ 77.45	\$ 70.62	\$ 42.66	\$ 67.65	\$ 39.40	
Edmonton Par (\$/bbl)	\$ 91.70	\$ 81.39	\$ 50.24	\$ 79.80	\$ 45.34	
Edmonton Par to WTI differential (US\$/bbl)	\$ (4.67)	\$ (6.02)	\$ (4.01)	\$ (3.89)	\$ (5.54)	
Natural Gas Price Benchmarks						
AECO gas (\$/mcf)	\$ 4.41	\$ 3.41	\$ 2.64	\$ 3.49	\$ 2.23	
Foreign Exchange						
Canadian Dollar/U.S. Exchange	0.79	0.79	0.77	0.80	0.75	

Operations Summary

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

	2021		2020		Year Ended	
	Q4	Q3	Q4	2021	2020	
Daily production volumes						
Natural Gas (mcf/d)	33,774	27,965	30,322	29,092	32,404	
Light Crude Oil (bbl/d)	2,744	2,274	2,269	2,373	2,611	
NGL's (bbl/d)	1,687	1,776	1,846	1,709	1,876	
Combined (BOE/d 6:1)	10,060	8,710	9,169	8,931	9,888	
Revenue						
Petroleum & natural gas sales - Gross	\$ 47,405	\$ 35,880	\$ 23,064	\$ 140,289	\$ 85,699	
Realized gain (loss) on commodity contract settlement	(872)	(267)	(323)	(4,529)	(658)	
Total sales	46,533	35,613	22,741	135,760	85,041	
Royalty expense	(3,287)	(2,539)	(1,283)	(8,722)	(4,213)	
Total Revenue - Net of royalties	\$ 43,246	\$ 33,074	\$ 21,458	\$ 127,038	\$ 80,828	

Working Capital Summary

The following table summarizes the change in working capital during the year ended December 31, 2021 and December 31, 2020:

	Three months ended December 31, 2021	Year ended December 31, 2021	Year ended December 31, 2020
Adjusted net debt - beginning of period	\$ (201,811)	\$ (197,414)	\$ (187,711)
Funds flow from operations	32,425	90,921	45,524
Additions to property and equipment	(26,624)	(88,153)	(51,093)
Decommissioning costs incurred	(416)	(881)	(389)
Additions to E&E Assets	(212)	(387)	(426)
Issuance of shares	510	1,132	-
Other	(666)	(2,012)	(3,319)
Adjusted net debt - end of period	\$ (196,794)	\$ (196,794)	\$ (197,414)
Credit facility limit	\$ 210,000	\$ 210,000	\$ 210,000

Capital Spending

Capital spending is summarized as follows:

Cash additions	2021		2020	Year Ended	
	Q4	Q3	Q4	2021	2020
Land, acquisitions and lease rentals	\$ (89)	\$ 327	\$ (75)	\$ 54	\$ 324
Drilling and completion	23,994	19,847	14,030	77,991	44,816
Geological and geophysical	114	42	134	547	640
Equipment	2,349	3,136	753	8,872	4,226
Other asset additions	255	122	347	689	1,087
	\$ 26,623	\$ 23,474	\$ 15,189	\$ 88,153	\$ 51,093
Exploration & evaluation assets	\$ 212	\$ 41	\$ -	\$ 387	\$ 426

Annual General Meeting of Shareholders

The Company's Annual General Meeting of Shareholders is scheduled for 10:00 AM on Thursday April 28, 2022 in the Tillyard Management Conference Centre, Main Floor, 715 5th Avenue SW, Calgary, AB.

Year End Disclosure

The Company's December 31, 2021 audited consolidated financial statements, management's discussion and analysis and annual information form will be 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.

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 obligations 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.

Non-IFRS 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 International Financial Reporting Standards ("IFRS") 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 IFRS, 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-IFRS financial measure and do not have any standardized meaning under IFRS 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 IFRS as an indicator of Yangarra's financial performance.

Please refer to the management discussion and analysis for the year ended December 31, 2021 for Non-IFRS financial measure reconciliation tables.

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 production and cashflow guidance, expectations regarding debt repayments and return of capital strategies as well as our, plans, objectives, priorities and focus, growth plans; our estimations on future costs; volatility of commodity prices, expectations on well economics, availability and use of cash flow, well performance expectations, availability of funding and capital plans 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 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.

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.