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

Yangarra Announces 2022 Third Quarter Financial and Operating Results

November 1, 2022

Yangarra Resources Ltd. ("**Yangarra**" or the "**Company**") (TSX:YGR) announces its financial and operating results for the three and nine months ended September 30, 2022.

During the third quarter of 2022, Yangarra generated funds flow from operations of $45.6 million ($0.52 per basic share), while generating net income of $27.9 million ($0.32 per basic share). The Company was able to reduce adjusted net debt by $8 million. The Company generated $11.57/boe of free funds flow.

Third Quarter Highlights

- Funds flow from operations of $45.6 million ($0.52 per share – basic), an increase of 89% from the same period in 2021
- $8 million of adjusted net debt was repaid during the third quarter, $50 million year-to-date 2022
- Oil and gas sales were $62.8 million, an increase of 75% from the same period in 2021
- Adjusted EBITDA was $48.1 million ($0.55 per share - basic), an increase of 81% from the same period in 2021
- Net income of $27.9 million ($0.32 per share) an increase of 107% from the same period in 2021
- Average production of 11,750 boe/d (47% liquids) during the quarter, a 35% increase from the same period in 2021
- Operating costs were $7.41/boe (including $1.15/boe of transportation costs)
- Field operating netbacks were $45.74/boe
- Operating netbacks, which include the impact of commodity contracts, were $45.44/boe
- Operating margins were 78% and funds flow from operations margins were 72%
- G&A costs of $0.78/boe
- Royalties were 8% of oil and gas revenue
- All in cash costs were $15.98/boe
- Capital expenditures were $33.1 million
- Adjusted net debt was $147.2 million
- Adjusted net debt to third quarter annualized funds flow from operations was 0.8 : 1
- Retained earnings of $240 million
- Decommissioning liabilities of $13.8 million (discounted)
    - Less than $1.0 million is required to abandon all non-producing wells
    - Expenditures on abandonments and reclamations of $300,000 for calendar 2022

Operations Update

Yangarra drilled 8 wells and completed 8 wells during the third quarter of 2022 with three additional wells in the early stages of flow back after being completed in October. The Company's optimization program continues to advance on legacy wells with corresponding reduced production declines.

Significant improvements have been made to the completions program during 2022. Changes to the program include the types of chemicals used, inter-sleeve spacing optimization, and frack sand intensity. Drilling times continue to be reduced with the resulting savings helping to offset inflationary pressures.

The Company has partnered with its contract drilling rig and frack spread to convert from diesel to bi-fuel (diesel and natural gas), retired much of the natural gas fired pumpjack fleet and replaced with electric motors, converted most production pads to instrument air replacing natural gas, and converted the balance of instrument devices to low-bleed devices. Yangarra is replacing the light truck fleet with more fuel-efficient units. All of these initiatives will result in significantly lower emissions which will reduce or eliminate carbon fees paid by Yangarra under the provincial Tier program.

Corporate Update

Corporate production has now returned to early 2020 production levels with the Company in a much stronger financial position:

- Yangarra has achieved an adjusted net debt reduction of $50 million from $197 million at December 31, 2021 to $147 million at September 30, 2022; adjusted net debt expected to be $125 - $135 million by the end of 2022.
- Given the Company's low-cost operating structure, minimal ARO, and a strong reserves base, Yangarra has navigated a difficult banking environment without diluting shareholders by issuing equity, or selling assets, gross over-riding royalties or infrastructure.
- Yangarra's carbon reduction initiatives have cost approximately $2.0 million and resulted in an estimated $4.0 million per year of fuel savings and incremental natural gas sales.
- Yangarra has made significant additions to its Oilfield Servicing Group ("OFS Group") over the past 2 years and has been able to purchase equipment during a period when demand was virtually non-existent.
    - The OFS/Operations group, which works exclusively for Yangarra, owns and operates approximately 110 pieces of equipment.
    - Much of the equipment typically rented for drilling and completion operations are owned by Yangarra which significantly reduced rental costs.

Return of Capital Strategy

The Company currently intends to implement a return of capital strategy when bank debt reaches less than $100 million and will reassess market conditions at that point to determine what approach (further debt repayment, special dividends, share buybacks) will be utilized.

Guidance Update

	Previous Guidance	Change from 2021	Revised Guidance	Change from 2021
Production	12,000 boe/d	34%	11,000 – 11,500 boe/d	23% to 29%
Cashflow	$165 million	81%	$172 - 182 million	89% to 100%
Capital Spending	$105 million	19%	$110 million	25%
Year-End Net Debt	$137 million	-30%	$125 – 135 million	-31% to -37%
Assumptions	2022 Pricing		Q4 Pricing	
	WTI - US$85.00/bbl		WTI - US$85.00/bbl	
	AECO - CDN$4.00/GJ		AECO - CDN$3.50/GJ	
	Edm Par - $100.00/bbl		Edm Par - $106.50/bbl	

Production guidance is lower due to on-stream production delays with new drills. The increased capital program of $5 million is primarily the result of inflationary cost pressures.

Financial Summary

	2022 Q3	2022 Q2	2021 Q3	Nine Months Ended 2022	Nine Months Ended 2021
Statements of Income and Comprehensive Income					
Petroleum & natural gas sales	$ 62,791	$ 68,545	$ 35,880	$ 182,764	$ 92,884
Income before tax	$ 36,193	$ 40,889	$ 17,657	$ 106,670	$ 39,666
Net income	$ 27,936	$ 30,631	$ 13,500	$ 81,287	$ 30,370
Net income per share - basic	$ 0.32	$ 0.35	$ 0.16	$ 0.93	$ 0.35
Net income per share - diluted	$ 0.30	$ 0.33	$ 0.15	$ 0.88	$ 0.34
Statements of Cash Flow					
Funds flow from operations	$ 45,602	$ 50,028	$ 24,126	$ 135,386	$ 58,457
Funds flow from operations per share - basic	$ 0.52	$ 0.57	$ 0.28	$ 1.55	$ 0.68
Funds flow from operations per share - diluted	$ 0.49	$ 0.54	$ 0.27	$ 1.47	$ 0.65
Cash flow from operating activities	$ 47,440	$ 49,317	$ 22,078	$ 128,988	$ 54,431
Weighted average number of shares - basic	87,951	87,095	85,637	87,244	85,527
Weighted average number of shares - diluted	92,609	92,087	89,098	91,866	88,675

	September 30, 2022	December 31, 2021
Statements of Financial Position		
Property and equipment	$ 682,645	$ 627,948
Total assets	$ 751,485	$ 683,469
Working capital (deficit) surplus	$ 4,253	$ (3,729)
Adjusted net debt	$ 147,196	$ 196,794
Shareholders equity	$ 448,140	$ 364,959

Company Netbacks ($/boe)

	2022 Q3	2022 Q2	2021 Q3	Nine Months Ended 2022	Nine Months Ended 2021
Sales price	$ 58.09	$ 71.37	$ 44.78	$ 62.05	$ 39.79
Royalty expense	(4.93)	(5.84)	(3.17)	(4.60)	(2.33)
Production costs	(6.26)	(5.95)	(5.71)	(5.82)	(5.31)
Transportation costs	(1.15)	(1.24)	(0.98)	(1.21)	(1.11)
Field operating netback	**45.74**	**58.34**	**34.92**	**50.43**	**31.04**
Realized gain (loss) on commodity contract settlement	(0.30)	(2.82)	(0.33)	(1.03)	(1.57)
Operating netback	**45.44**	**55.52**	**34.58**	**49.40**	**29.48**
G&A	(0.78)	(1.06)	(0.95)	(0.94)	(0.83)
Cash Finance expenses	(2.56)	(2.46)	(3.96)	(2.66)	(2.81)
Depletion and depreciation	(9.05)	(9.48)	(7.62)	(9.33)	(7.91)
Non Cash - Finance expenses	(0.18)	(0.25)	0.60	(0.08)	(0.05)
Stock-based compensation	(0.16)	(0.19)	(0.49)	(0.17)	(0.41)
Unrealized gain (loss) on financial instruments	0.76	0.49	(0.12)	0.00	(0.47)
Deferred income tax	(7.64)	(10.68)	(5.19)	(8.62)	(3.98)
Net Income netback	**$ 25.84**	**$ 31.89**	**$ 16.85**	**$ 27.60**	**$ 13.02**

Business Environment

	2022 Q3	2022 Q2	2021 Q3	Nine Months Ended 2022	Nine Months Ended 2021
Realized Pricing (Including realized commodity contracts)					
Light Crude Oil ($/bbl)	$ 116.44	$ 130.38	$ 84.78	$ 118.26	$ 71.26
NGL ($/bbl)	$ 56.35	$ 70.70	$ 51.13	$ 64.93	$ 42.97
Natural Gas ($/mcf)	$ 4.61	$ 7.50	$ 3.71	$ 5.63	$ 3.37
Realized Pricing (Excluding commodity contracts)					
Light Crude Oil ($/bbl)	$ 116.44	$ 137.95	$ 84.90	$ 120.37	$ 76.58
NGL ($/bbl)	$ 56.28	$ 70.46	$ 51.06	$ 64.81	$ 42.94
Natural Gas ($/mcf)	$ 4.71	$ 7.86	$ 3.81	$ 5.79	$ 3.43
Oil Price Benchmarks					
West Texas Intermediate ("WTI") (US$/bbl)	$ 93.18	$ 108.40	$ 70.62	$ 98.68	$ 64.83
Edmonton Par ($/bbl)	$ 116.64	$ 136.20	$ 81.39	$ 123.39	$ 75.83
Edmonton Par to WTI differential (US$/bbl)	$ (3.37)	$ (1.70)	$ (6.02)	$ (2.44)	$ (4.24)
Natural Gas Price Benchmarks					
AECO gas ($/mcf)	$ 3.95	$ 6.68	$ 3.41	$ 5.04	$ 3.18
Foreign Exchange					
Canadian Dollar/U.S. Exchange	0.77	0.78	0.79	0.78	0.80

Operations Summary

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

	2022 Q3	2022 Q2	2021 Q3	Nine Months Ended 2022	Nine Months Ended 2021
Daily production volumes					
Natural Gas (mcf/d)	37,214	36,874	27,965	35,938	27,515
Light Crude Oil (bbl/d)	3,248	2,271	2,274	2,705	2,250
NGL's (bbl/d)	2,300	2,138	1,776	2,094	1,715
Combined (BOE/d 6:1)	11,750	10,554	8,710	10,789	8,550
Revenue					
Petroleum & natural gas sales - Gross	$ 62,791	$ 68,545	$ 35,880	$ 182,764	$ 92,884
Realized gain (loss) on commodity contract settlement	(325)	(2,712)	(267)	(3,026)	(3,657)
Total sales	62,466	65,833	35,613	179,738	89,227
Royalty expense	(5,333)	(5,605)	(2,539)	(13,543)	(5,435)
Total Revenue - Net of royalties	$ 57,133	$ 60,228	$ 33,074	$ 166,195	$ 83,792

Adjusted Net Debt Summary

The following table summarizes the change in adjusted net debt during the nine months ended September 30, 2022 and the year ended December 31, 2021:

	Nine months ended September 30, 2022	Year ended December 31, 2021
Adjusted net debt - beginning of period	$ (196,794)	$ (197,414)
Funds flow from operations	135,386	90,921
Additions to property and equipment	(81,322)	(88,153)
Decommissioning costs incurred	-	(881)
Additions to E&E Assets	(3,888)	(387)
Issuance of shares	1,040	1,132
Other	(1,618)	(2,012)
Adjusted net debt - end of period	$ (147,196)	$ (196,794)
Credit facility limit	$ 210,000	$ 210,000

Capital Spending

Capital spending is summarized as follows:

Cash additions	2022 Q3	2022 Q2	2021 Q3	Nine Months Ended 2022	Nine Months Ended 2021
Land, acquisitions and lease rentals	$ 200	$ 40	$ 327	$ 401	$ 143
Drilling and completion	$ 28,114	23,806	19,847	70,260	53,997
Geological and geophysical	$ 164	191	42	477	433
Equipment	$ 4,345	2,808	3,136	9,604	6,522
Other asset additions	$ 273	116	122	580	434
	$ 33,096	$ 26,961	$ 23,474	$ 81,322	$ 61,529
Exploration & evaluation assets	$ 3,506	$ 308	$ 41	$ 3,888	$ 175

Quarter End Disclosure

The Company's September 30, 2022 unaudited condensed interim consolidated financial statements and management's discussion and analysis 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, 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.

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", and "adjusted 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. Yangarra uses adjusted net debt as a measure to assess its financial position. Adjusted 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 and depreciation, amortization ("Adjusted EBITDA") is a non-IFRS financial measures 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 three and nine months ended September 30, 2022 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, expectations regarding our ESG initiatives 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; 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.