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

February 6, 2023

Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) announces financial and operations update and the results of its 2022 year-end oil and gas reserves evaluation.

2022 Fiscal Year Update Highlights (financial numbers are unaudited and approximate)

- Production increased 23% to 11,022 boe/d
- Net Debt was reduced by 32% to \$134 million
- PDP NAV per share increased 158% to \$4.15/share
- PDP additions replaced 267% of 2022 production
- Proved reserves value increased by 38% to \$1.4 billion
- 32% of future drilling locations are booked in the reserve report
- Added 2.4 future locations for every location drilled

Operations Update

January 2023 production averaged approximately 12,000 boe/d. Production for the month was negatively impacted by a turnaround at a Yangarra facility. As part of this turnaround, a debottlenecking project was completed which increased facility capacity from 25 mmcf/d to 35 mmcf/d. The Company is also constructing a 15 mmcf/d facility in Chambers to coincide with the future development of the new Chambers acreage.

The Company completed six wells in mid-January that had been drilled in Q4 of 2022. These wells are currently being tested and are expected to be onstream in February. The Q1 2023 program remains on course and Yangarra expects to drill 8 wells and complete 14 wells. Three wells will be drilled in the new Chambers area as part of the Q1 capital program.

ESG Report

The Company's 2022 ESG report is available online at www.yangarra.ca.

From 2019 to 2022

- Vent emissions decreased by 64% to 15,212 CO₂e tonnes
- Methane emissions decreased by 57% to 701 tonnes
- Fuel CO₂e emissions decreased by 18% to 66,365 CO₂e tonnes
- Scope 1 CO₂e emissions reduced by 30% to 90,848 CO₂e tonnes

In 2022

- Reduced CO₂e intensity per boe produced by 30%
- Increased year-over-year water recycling by 24%
- Reduced year-over-year freshwater usage by 10%
- Spent 0.14% of cash flow on abandonment & reclamation with \$1 million of spending remaining to abandon all standing wells

Reserve Report Highlights

Summary

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

Proved Developed Producing ("PDP") Reserves

- 26.3 million boe (34% increase from 2021)
- Net present value before tax discounted at 10% ("NPV10") of \$522 million (51% increase from 2021)
- Yangarra's PDP F&D is \$10.16/boe resulting in a recycle ratio of 4.7 times
- PDP net asset value per fully diluted common share ("NAV per FD Share") of \$4.15
- PDP Reserve Life Index ("RLI") of 6.1 years
- PDP additions replaced 267% of 2022 production

Total Proved reserves ("1P")

- 86.5 million boe (5% increase from 2021)
- NPV10 of \$1.4 billion (38% increase from 2021)
- 1P future development costs of \$405 million
- Yangarra's 1P F&D is \$9.12/boe resulting in a recycle ratio of 5.3 times
- 1P NAV per FD Share of \$13.68
- RLI of 20.2 years
- 1P additions replaced 194% of 2022 production

Proved plus probable reserves ("2P")

- 144.8 million boe (3% increase from 2021)
- NPV10 of \$2.0 billion (35% increase from 2021)
- 2P Future development costs of \$608 million
- Yangarra's F&D is \$7.78/boe resulting in a recycle ratio of 6.2 times
- 2P NAV per FD Share of \$19.92
- RLI of 33.9 years
- 2P additions replaced 190% of 2022 production

Oil and Gas Reserves

The following tables summarize certain information contained in the 2022 Reserve Report. The 2022 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)	Gas (MMcf)	Total BOE 2022 (Mboe)	Total BOE 2021 (Mboe)
Proved Developed Producing	5,263	5,420	93,479	26,263	19,553
Proved Developed Non-Producing	217	159	2,751	835	1,288
Proved Undeveloped	13,050	12,051	206,018	59,436	61,929
Total Proved	18,529	17,630	302,248	86,533	82,770
Probable	12,141	12,287	203,247	58,303	58,461
Total Proved Plus Probable	30,670	29,917	505,495	144,836	141,232

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, 2022 ⁽²⁾					As At December 31, 2021 ⁽³⁾
	0.0% (M\$)	5.0% (M\$)	10.0% (M\$)	15.0% (M\$)	20.0% (M\$)	10.0% (M\$)
Proved Developed Producing	814,745	632,255	522,096	449,120	397,373	345,074
Proved Developed Non-Producing	22,739	20,060	17,669	15,709	14,125	15,348
Proved Undeveloped	1,586,526	1,157,499	892,247	715,526	591,055	676,652
Total Proved	2,424,009	1,809,814	1,432,012	1,180,356	1,002,552	1,037,073
Probable	1,781,812	963,628	595,119	400,128	285,608	469,039
Total Proved Plus Probable	4,205,821	2,773,443	2,027,131	1,580,484	1,288,160	1,506,113

Notes:

- (1) Total values may not add due to rounding.
- (2) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2022.
- (3) Forecast pricing used is based on Deloitte published price forecasts effective December 31, 2021.
- (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, 2022 against such reserves at December 31, 2021 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	17,883.4	11,948.9	29,832.3	16,816.5	12,264.8	29,081.3
Production	-1,025.1	0.0	-1,025.1	-841.6	0.0	-841.6
Technical Revisions	-529.2	-196.3	-725.5	690.7	168.8	859.5
Extensions	2,122.4	322.3	2,444.7	924.7	-189.5	735.2
Economic Factors	77.7	66.1	143.8	39.3	43.1	82.4
Closing Balance	18,529.2	12,141.0	30,670.2	17,629.6	12,287.2	29,916.8

	Gas			MBOE		
	Gross Proved (MMcf)	Gross Probable (MMcf)	Gross Proved Plus Probable (MMcf)	Gross Proved (Mboe)	Gross Probable (Mboe)	Gross Proved Plus Probable (Mboe)
Opening Balance	288,422.6	203,091.1	491,513.7	82,770.3	58,062.2	140,832.6
Production	-14,304.2	0.0	-14,304.2	-4,250.7	0.0	-4,250.7
Technical Revisions	11,470.7	2,702.4	14,173.1	2,073.3	422.9	2,496.2
Extensions	15,977.7	-3,292.6	12,685.1	5,710.1	-416.0	5,294.1
Economic Factors	681.2	746.3	1,427.5	230.5	233.6	464.1
Closing Balance	302,248.0	203,247.2	505,495.2	86,533.5	58,302.7	144,836.2

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
2023	0.0%	0.0%	0.740
2024	3.0%	3.0%	0.750
2025	2.0%	2.0%	0.750
2026	2.0%	2.0%	0.750
2027 beyond	2.0%	2.0%	0.750

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 AECO – Gas Prices (\$Cdn/mcf)	Pentanes + Condensate Edmonton (\$Cdn/bbl)	Butanes Edmonton (\$Cdn/bbl)	Propane Edmonton (\$Cdn/bbl)
Forecast							
2023	\$80.00	\$101.35	\$4.75	\$5.05	\$101.35	\$55.75	\$45.60
2024	\$77.25	\$96.15	\$4.65	\$4.95	\$96.15	\$52.90	\$43.25
2025	\$73.55	\$91.05	\$4.50	\$4.85	\$91.05	\$50.05	\$40.95
2026	\$75.00	\$92.85	\$4.60	\$4.95	\$92.85	\$51.05	\$41.80
2027	\$76.50	\$94.70	\$4.70	\$5.05	\$94.70	\$52.10	\$42.65

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 AECO, include an average cost of service to the plant gate.

Finding and Development Costs

Yangarra's F&D costs for 2022, 2021 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)

	2022	2021	2018-2022
Capital expenditures	109	89	521
Reserve additions, net production (Mboe)	10,732	59	33,201
Proved Developed Producing F&D costs – including future capital (\$/boe)	10.16	1,502.2	15.69
Proved Recycle Ratio (\$48/boe annual operating netback)	4.73	0.02	

Proved Finding & Development Costs (\$ millions)

	2022	2021	2018-2022
Capital expenditures	109	89	521
Change in future capital	-38	23	14
Total capital for F&D	71	112	535
Reserve additions, net production (Mboe)	7,786	(10,404)	49,571
Proved F&D costs – including future capital (\$/boe)	9.12	N/A	10.79
Proved F&D costs – excluding future capital (\$/boe)	14.00	N/A	10.51
Proved Recycle Ratio			
Including future capital	5.27	N/A	
Excluding future capital	3.43	N/A	

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

	2022	2021	2018-2022
Capital expenditures	109	89	521
Change in future capital	-50	36	56
Total capital for F&D	59	125	577
Reserve additions, net production (Mboe)	7,627	(13,070)	75,851
Proved plus Probable F&D costs – including future capital (\$/boe)	7.78	N/A	7.60
Proved plus Probable F&D costs – excluding future capital (\$/boe)	14.29	N/A	6.87
Proved plus Probable Recycle Ratio			
Including future capital	6.17	N/A	
Excluding future capital	3.36	N/A	

Net Asset Value ("NAV")

As at December 31, 2022	PDP	Total Proved	Proved + Probable
Present Value Reserves, before tax (discounted at 10%)	522	1,432	2,027
Total Net Debt (\$ million) (unaudited)	(134)	(134)	(134)
Proceeds from the exercise of options (2)	8	8	8
Net Asset Value	396	1,306	1,901
Fully diluted common shares outstanding (million)	95.5	95.5	95.5
Net asset value per share	\$4.15	\$13.68	\$19.92

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, 2022 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 \$2.81 as at December 31, 2022.

- (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, 2022 are scheduled to be released on March 2, 2023.

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, 2023.

Further Information

For further information, please contact Jim Evaskevich, 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, 2022, 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, 2022 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, 2022, 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, 2023. 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.