yangarra resources ltd.

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

For Immediate Release

Yangarra Provides Operations Update

January 24, 2017 - Yangarra Resources Ltd. ("Yangarra" or the "Company") (TSX:YGR) provides the following operations update.

Production for 2016 averaged approximately 2,930 boe/d (23% growth from 2015) with fourth quarter production of 3,100 boe/d (53% liquids). Current production is approximately 4,000 boe/d. The Company's base corporate decline rate for 2016 was approximately 20% (excluding wells drilled in 2016).

The Company drilled five (5) extended reach wells ("ERW") in the Cardium and completed its standing Duvernay well in 2016, with all operations conducted in the second half of the year. Four of the five Cardium wells were on-stream in 2016, with the fifth well completed over year end and will be on-stream by the end of January. The Duvernay well was placed on-stream at year end.

As the 2016 Cardium drilling program evolved, wells were drilled deeper into the Cardium reservoir with fracturing intervals reduced to less than 30 meters. These changes have resulted in higher liquid content and higher flowing pressures than previous offsetting wells.

Initial Production ("IP") rates on the 2016 wells are as follows:

Cardium

103/04-07-41-5W5 (1.5 mile) IP 90	480 boe/d 82% liquids (71 stages & 1,070 tons of sand)
100/01-14-41-6W5 (2.0 mile) IP 60(1)	120 boe/d 94% liquids (74 stages & 1,120 tons of sand)
104/14-19-41-5W5 (1.5 mile) IP 60	506 boe/d 82% liquids (69 stages & 1,056 tons of sand)
100/01-26-37-8W5 (2.0 mile) IP 30(2)	395 boe/d 76% liquids (101 stages & 1,520 tons of sand)

(1) Well 2 drilled using old well path (higher in formation similar to older drill programs) and therefore needed artificial lift (larger pumpjack to be installed once second well on pad is complete).

(2) Well 4 restricted more than previous wells with current flow rate higher than its IP 30 rate.

Duvernay

100/15-19-39-6W5 (1.5 Mile) IP 20 (3)	700 boe/d 52% liquids (81 stages & 1,744 tons of sand)

(3) Well restricted to 2,500 psi

The Company has added a second rig to assist with drilling five planned wells in the first quarter of 2017 and expects all five wells, plus the well carried over from 2016, to be on-stream by the end of the first quarter.

The Company increased its land position by 30.5 sections of Cardium land and now has 690 (430 net) wells in Cardium drilling inventory (based on 1-mile horizontal lengths). Yangarra intends to continue to drill ERWs in the Cardium given superior economics and production rates and continues to have success where pooling is required.

Yangarra abandoned 25 suspended wells over the past year (33% of total) and plans to abandon 50% of the remaining suspended wells in 2017. Cost savings from land and surface rentals together with recovered surplus equipment results in very quick payouts for this program.

The Company operates 90% of its production and has compression capacity of 24 mmcf/d in Central Alberta. A third oil hauling truck was recently added to Yangarra's fleet to handle field transfers of incremental volumes from the recent drilling program.

Capital Budget & Guidance

Fourth quarter capital is expected to be approximately $13 million, bringing the total capital spent in 2016 to $31 million. Fourth quarter cash flow is expected to be $6 million resulting in year-end net debt of $65 million and a Q4 annualized debt to cash flow of 2.7 to 1.0.

The Company's Board of Directors has approved an initial capital budget of $50 million for 2017. The 2017 capital budget includes drilling of 15 ERW's in the Cardium, five (5) wells in the first quarter and ten (10) wells in the second half.

The budget is expected to increase the Company's annual 2017 production to 4,500 – 5,000 boe/d with cash flow from operations estimated at $45 to $50 million.

The Company expects year-end 2017 net debt of $65 – $70 million resulting in a debt to annual cash flow ratio of 1.3 – 1.6 to 1. The budget assumes an average price of US$55.00/bbl for WTI crude oil (CDN$68.71 bbl Edmonton par) and an average price of $3.00/GJ for AECO natural gas.

The annual review of the bank facility is scheduled for May 2017.

Hedging Program Update

The Company's hedge position for 2017 consists of:

- 200 bbl/d costless collar with a floor of C$65.00 WTI/bbl and a ceiling of C$75.00 WTI/bbl
- 100 bbl/d at C$70.00 WTI/bbl
- 200 bbl/d at C$64.45 WTI/bbl Jan – Mar 2017
- 2,000 GJ/d at $3.12/GJ
- 2,000 GJ/d at $3.01/GJ

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

Forward looking information

This press release contains forward-looking statements. More particularly, this press release contains statements concerning planned exploration and development activities, the anticipated daily production average during 2017, the anticipated profitability of the Company if commodity prices *were to future decline from the current levels and the planned corporate strategy during the current commodity environment.*

The forward-looking statements in this press release are based on certain key expectations and assumptions made by Yangarra, including expectations and assumptions concerning the success of future drilling and development activities, the performance of existing wells, the performance of new wells, the successful application of technology, prevailing weather conditions, commodity prices, royalty regimes and exchange rates and the availability of capital, labour and services.

Although Yangarra believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Yangarra can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserves estimates; the uncertainty of estimates and projections relating to production, costs and expenses; and health, safety and environmental risks), uncertainty as to the availability of labour and services, commodity price and exchange rate fluctuations, unexpected adverse weather conditions, general business, economic, competitive, political and social uncertainties, capital market conditions and market prices for securities and changes to existing laws and regulations. Certain of these risks are set out in more detail in Yangarra's current Annual Information Form, which is available on Yangarra's SEDAR profile at www.sedar.com.

Forward-looking statements are based on estimates and opinions of management of Yangarra at the time the statements are presented. Yangarra may, as considered necessary in the circumstances, update or revise such forward-looking statements, whether as a result of new information, future events or otherwise, but Yangarra undertakes no obligation to update or revise any forward-looking statements, except as required by applicable securities laws.

Any references in this press release to initial and/or final raw test or production rates and/or "flush" production rates are useful in confirming the presence of hydrocarbons, however, such rates are not necessarily determinative of the rates at which such wells will commence production and decline thereafter. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Corporation. The initial production rate may be estimated based on other third party estimates or limited data available at this time. In all cases in this press release, initial production or test are not necessarily indicative of long-term performance of the relevant well or fields or of ultimate recovery of hydrocarbons.

Barrels of Oil Equivalent

The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. Per boe amounts have been calculated using a conversion ratio of six thousand cubic feet (6 mcf) of natural gas to one barrel (1 Bbl) of crude oil. The boe conversion ratio of 6 mcf to 1 Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

All reference to $ (funds) are in Canadian dollars.