



**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**

**to be held March 20, 2014**

**and**

**NOTICE OF APPLICATION TO  
THE COURT OF QUEENS BENCH OF ALBERTA**

**and**

**INFORMATION CIRCULAR AND PROXY STATEMENT**

**with respect to, among other things, a**

**PLAN OF ARRANGEMENT**

**involving**

**YOHO RESOURCES INC.**

**and**

**YOHO RESOURCES PARTNERSHIP**

**and**

**THE SHAREHOLDERS OF YOHO RESOURCES INC.**

**February 12, 2014**

These materials are important and require your immediate attention. They require holders ("**Yoho Shareholders**") of common shares of Yoho Resources Inc. ("**Yoho**") to make important decisions. If you are in doubt as to how to make such decisions, please contact your financial, legal or other professional advisors. The board of directors of Yoho Resources Inc. unanimously recommends (other than in respect of one director of Yoho who has abstained from voting on the matter) that Yoho Shareholders vote **FOR** the plan of arrangement, as described in this information circular and proxy statement, at the annual general and special meeting of Yoho Shareholders.



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- B – INTERIM ORDER
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## ENCLOSURES

- Form of Proxy relating to the Meeting for registered holders of Yoho Shares
- Letter of Transmittal for registered holders of Yoho Shares



## LETTER TO SHAREHOLDERS

February 12, 2014

To: The holders of common shares of Yoho Resources Inc.

You are invited to attend an annual general and special meeting (the "**Meeting**") of the holders ("**Yoho Shareholders**") of common shares ("**Yoho Shares**") of Yoho Resources Inc. ("**Yoho**" or the "**Corporation**") to be held in the Viking Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on March 20, 2014 for the purposes set forth in the accompanying Notice of Annual General and Special Meeting of Shareholders ("**Notice of Meeting**").

### **The Arrangement**

On January 31, 2014, Storm Resources Ltd. ("**Storm**") purchased Yoho's Montney acreage in the Nig area of Northeast British Columbia (the "**Assets**") from Yoho's direct and indirect wholly owned subsidiary, Yoho Resources Partnership (the "**Partnership**"), for cash consideration in the amount of approximately \$30 million and 13,629,442 common shares ("**Storm Shares**") in the capital of Storm (collectively, the "**Transaction**").

At the Meeting, in addition to the other matters set forth in the accompanying Notice of Meeting, Yoho Shareholders will be asked to consider and vote upon a plan of arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (Alberta) pursuant to which each issued and outstanding Yoho Share as at the effective time of the Arrangement will be exchanged for one (1) new common share in the capital of Yoho (a "**New Yoho Share**") and a pro rata entitlement to the aggregate 13,629,442 Storm Shares currently held by the Partnership. Based on an aggregate of 50,733,687 Yoho Shares issued and outstanding as at the date hereof (on a non-diluted basis), under the Arrangement each Yoho Shareholder shall be entitled to receive approximately 0.26864 of a Storm Share for each Yoho Share held. The terms and conditions of the New Yoho Shares exchanged for Yoho Shares pursuant to the Arrangement are described in further detail in the accompanying Information Circular (as defined below).

### **Benefits of the Arrangement**

Yoho's management and the board of directors of Yoho (the "**Yoho Board**") believe that the Transaction provides Yoho with further flexibility to fund its planned exploration and development activities on its Duvernay acreage where Yoho and other industry participants have experienced highly successful drilling results to date. In addition, Yoho may now allocate increased capital to its properties in the Inga area of British Columbia.

Further, by way of receiving part of the consideration for the Assets in the Transaction in the form of the Storm Shares, Yoho is in a position, by way of the Arrangement, to transfer ownership of the Storm Shares from the Yoho Partnership to the Yoho Shareholders. Yoho Shareholders thereby may continue, if they choose, to participate in the growth potential and future value creation of the Nig (referred to by Storm as Umbach) play through their ownership in Storm. Storm is a natural gas and oil resource play focused company listed on the TSX Venture Exchange ("**TSXV**") with operations in the Umbach (Nig) and Horn River Basin areas of north eastern British Columbia, and in the Grande Prairie area of north western Alberta. Including the Assets, Storm owns approximately 98,000 net acres of Montney rights in the Nig area of British Columbia.

In light of the foregoing, Yoho's management and the Yoho Board believe that the Arrangement will have the following benefits for Yoho and the Yoho Shareholders:

- through the ownership of Storm Shares to be received by them under the Arrangement, Yoho Shareholders will:
  - have the opportunity to continue to participate in the Assets;
  - enjoy a broader exposure to the Nig play given Storm's significant position at Nig and its potential ability to deliver multi-year growth in production and reserves;
  - own common shares in a well capitalized exploration and production company with significant operations in Northeastern British Columbia and Northwestern Alberta that has the financial resources to fund the exploration and development of its assets (including the Assets); and
  - have the ability to participate in any value increase in the Storm Shares;
- the acquisition of the Storm Shares to Yoho Shareholders under the Arrangement will effectively be structured as a return of capital, which will generally be tax deferred for a Yoho Shareholder who is a resident of Canada for income tax purposes so long as the Yoho Shareholder's adjusted cost base in their Yoho Shares is at least equal to the fair market value of the Storm Shares received;
- the Storm Shares are listed on the TSXV and as such there exists a liquid market for the Storm Shares should Yoho Shareholders elect to dispose of some or all of the Storm Shares acquired by them under the Arrangement; and
- with Yoho no longer being a shareholder of Storm, Yoho management and the Yoho Board need not direct any resources towards managing such an equity ownership position.

In light of the foregoing and other relevant factors, the Yoho Board (other than a director who is also a director of Storm and accordingly has abstained from voting) has unanimously approved the Arrangement and concluded that the Arrangement is in the best interests of Yoho and the Yoho Shareholders.

### **Approval of the Arrangement**

For the Arrangement to proceed, it must be approved by not less than two-thirds (2/3) of the votes cast by Yoho Shareholders, in person or by proxy, at the Meeting. Mr. John Brussa is a director of each of Yoho and Storm. As such, Mr. Brussa recused himself from all board meetings and discussions of each of Yoho and Storm in respect of the Transaction and further has recused himself from all board meetings and discussions with respect to the Arrangement and has abstained from voting in respect of all such transactions in respect of both Yoho and Storm, as applicable. **The members of the Yoho Board other than Mr. Brussa (who has abstained) unanimously recommend that Yoho Shareholders vote their Yoho Shares in favour of the Arrangement.**

Completion of the Arrangement is also subject to approval of the Court of Queen's Bench of Alberta and receipt of all necessary regulatory approvals. If the requisite Yoho Shareholder, court and regulatory approvals are obtained and if all other conditions to the Arrangement are satisfied or waived, it is expected that the Arrangement will become effective on or about March 20, 2014.

The accompanying information circular and proxy statement (the "**Information Circular**") provides a detailed description of the Arrangement, Yoho, Storm and the other matters to come before the Meeting. Please give this material your careful consideration. If you require assistance, you should consult your financial, income tax or other professional advisor.

To be represented at the Meeting, registered Yoho Shareholders must either attend the Meeting in person or complete and sign the enclosed form of proxy and forward it so as to reach or be deposited with Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1 (facsimile number (403) 233-2857) Attention: Proxy Department, no later than 9:00 a.m. (Calgary time) on the second to last business day prior to the Meeting or any adjournment thereof. Registered Yoho Shareholders may also use the internet site at [www.valianttrust.com](http://www.valianttrust.com) to

transmit their voting instructions. Registered Yoho Shareholders should have the accompanying form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. If registered Yoho Shareholders vote by internet, their vote must be received no later than 9:00 a.m. (Calgary time) on the second to last business day prior to the Meeting or any adjournment thereof. The website may be used to appoint a proxy holder to attend and vote on a shareholder's behalf at the Meeting and to convey a shareholder's voting instructions. Please note that if a Yoho Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change their appointment, such shareholder may resubmit their proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

**If you are a non-registered holder of Yoho Shares and have received these materials from your broker or another intermediary, please complete and return the proxy or other voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided with it. Failure to do so may result in your Yoho Shares not being eligible to be voted at the Meeting.**

Yours very truly,

(signed) "*Brian McLachlan*"

Brian McLachlan  
President, Chief Executive Officer and a Director  
Yoho Resources Inc.

**YOHU RESOURCES INC.**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING**

**NOTICE IS HEREBY GIVEN** that, pursuant to an order of the Court of Queen's Bench of Alberta dated February 12, 2014, an annual general and special meeting (the "**Meeting**") of holders ("**Yoho Shareholders**") of common shares ("**Yoho Shares**") of Yoho Resources Inc. ("**Yoho**" or the "**Corporation**") will be held in the Viking Room at the Calgary Petroleum Club, 319 - 5th Avenue SW, Calgary, Alberta at 9:00 a.m. (Calgary time) on March 20, 2014 for the following purposes:

1. to receive the financial statements of Yoho, together with the report of the auditors thereon, for the year ended September 30, 2013;
2. to fix the number of directors to be elected at the Meeting at seven (7) members;
3. to consider and, if thought appropriate, to pass an ordinary resolution electing seven (7) directors of the Corporation;
4. to consider and, if thought appropriate, to pass an ordinary resolution appointing the auditors of the Corporation and authorizing the directors to fix their remuneration as such;
5. to consider and if thought appropriate, to pass, with or without variation, an ordinary resolution approving the Corporation's option plan, as amended, all as more particularly described in the accompanying Information Circular - Management Proxy Statement of the Corporation dated February 12, 2014 (the "**Information Circular**");
6. to consider, and if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix "C" to the accompanying Information Circular, to approve a plan of arrangement (the "**Arrangement**") pursuant to Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**"), all as more particularly described in the Information Circular; and
7. to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular, which accompanies this Notice of Annual General and Special Meeting.

The record date for the Meeting has been fixed at the close of business on January 31, 2014 (the "**Record Date**"). Only Yoho Shareholders of record as at the close of business on the Record Date are entitled to receive notice of the Meeting. Yoho Shareholders of record will be entitled to vote at the Meeting those Yoho Shares included in the list of Yoho Shareholders, prepared as at the Record Date, unless a Yoho Shareholder transfers Yoho Shares after the Record Date and the transferee of those Yoho Shares, having produced properly endorsed certificates evidencing such Yoho Shares or having otherwise established that the transferee owns such Yoho Shares, demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Yoho Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Yoho Shares at the Meeting.

**If you are a registered holder of Yoho Shares and are unable to attend the Meeting or any adjournment thereof in person, please complete, sign and mail the enclosed form of proxy to, or deposit it with, Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1 (facsimile number (403) 233-2857), Attention: Proxy Department, so that it is received no later than 9:00 a.m. (Calgary time) on the second to last business day prior to the Meeting or any adjournment thereof. Registered Yoho Shareholders may also use the internet site at [www.valianttrust.com](http://www.valianttrust.com) to transmit their voting instructions. Registered Yoho Shareholders should have the accompanying form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. The website may be used to appoint a proxy holder to attend and vote on a shareholder's behalf at the Meeting and to convey a**



shareholder's voting instructions. Please note that if a Yoho Shareholder appoints a proxy holder and submits their voting instructions via the internet and subsequently wishes to change their appointment, such shareholder may resubmit their proxy and/or voting direction via the internet prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

**If you are not a registered holder of Yoho Shares and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided therein.**

Pursuant to an order of the Court of Queen's Bench of Alberta granted on February 12, 2014 (the "**Interim Order**"), each registered Yoho Shareholder has been granted the right to dissent in respect of the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of such Yoho Shareholder's Yoho Shares in accordance with the provisions of Section 191 of the ABCA, as modified and supplemented by the Interim Order. To exercise such right, (a) a written objection to the Arrangement Resolution must be received by Yoho c/o its legal counsel Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, not later than 4:30 p.m.(Calgary time) on the second to last business day prior to the Meeting or any adjournment thereof; (b) the Yoho Shareholder shall not have voted in favour of the Arrangement Resolution; and (c) the Yoho Shareholder must have otherwise complied with the provisions of Section 191 of the ABCA, as modified and supplemented by the Interim Order. The right to dissent is described in the Information Circular and the texts of the Interim Order and Section 191 of the ABCA are set forth in Appendices "B" and "D", respectively, to the Information Circular. **Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right to dissent. Persons who are beneficial owners of Yoho Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only registered Yoho Shareholders are entitled to dissent. Accordingly, a beneficial owner of Yoho Shares desiring to exercise this right must make arrangements for the Yoho Shares beneficially owned by such person to be registered in his, her or its name prior to the time the written objection to the Arrangement Resolution is required to be received by Yoho or, alternatively, make arrangements for the registered Yoho Shareholder to dissent on his, her or its behalf. Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified and supplemented by the Interim Order, will result in the loss of any right of dissent.**

DATED February 12, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
YOHU RESOURCES INC.**

(signed) "*Brian McLachlan*"

Brian McLachlan  
President, Chief Executive Officer and a Director  
Yoho Resources Inc.

## IN THE COURT OF QUEEN'S BENCH OF ALBERTA

## JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 193 OF THE BUSINESS CORPORATIONS ACT, R.S.A. 2000, C. B-9, AS AMENDED;

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING YOHO RESOURCES INC., YOHO RESOURCES PARTNERSHIP AND THE SHAREHOLDERS OF YOHO RESOURCES INC.

## NOTICE OF APPLICATION

NOTICE IS HEREBY GIVEN that an Application has been filed by Yoho Resources Inc. ("**Yoho**" or the "**Applicant**") with the Court of Queen's Bench, Judicial Centre of Calgary (the "**Court**") for an order approving a proposed plan of arrangement (the "**Arrangement**") pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), which Arrangement is described in greater detail in the information circular and proxy statement of Yoho accompanying this Notice of Application. At the hearing on the Application, the Applicant intends to seek:

- (a) an order approving the Arrangement pursuant to Section 193 of the ABCA and pursuant to the terms and conditions of the arrangement agreement between Yoho and Yoho Resources Partnership (the "**Partnership**") dated January 31, 2014;
- (b) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to the Yoho Shareholders and other affected parties, both from a substantive and procedural point of view;
- (c) a declaration that the Arrangement will, upon the filing of Articles of Arrangement under the ABCA and the issuance of a Proof of Filing of Articles of Arrangement under the ABCA, be effective under the ABCA in accordance with its terms and be binding on Yoho, the Partnership, the Yoho Shareholders and all other affected persons on and after the effective date of the Arrangement; and
- (d) such further and other orders, declarations and directions as the Court may deem just.

**AND NOTICE IS FURTHER GIVEN** that the said Application is directed to be heard at the Court House, 601 – 5th Street, Calgary, Alberta, on Thursday, the 20th day of March, 2014 at 2:00 p.m. (Calgary time), or so soon thereafter as counsel may be heard. **Any shareholder of Yoho or any other interested party desiring to support or oppose the Application may appear at the time of the hearing in person or by counsel for that purpose. Any shareholder of Yoho or any other interested party desiring to appear at the hearing is required to file with the Court, and serve upon the Applicant, on or before noon (Calgary time) on March 18, 2014, a notice of its intention to appear, including an address for service in the Province of Alberta, together with any evidence or materials which are to be presented to the Court.** Service on the Applicant is to be effected by delivery to the solicitors for the Applicant at Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe.

**AND NOTICE IS FURTHER GIVEN** that, at the hearing, shareholders of Yoho and other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness and reasonableness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may approve the Arrangement as presented, or may approve the Arrangement subject to such terms and conditions as the Court shall deem fit, without any further notice.

**AND NOTICE IS FURTHER GIVEN** that no further notice of the Application will be given by Yoho and that, in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court at the hearing shall be served notice of the adjourned date.

**AND NOTICE IS FURTHER GIVEN** that the Court, by an interim order dated February 12, 2014, has given directions as to the calling of an annual general and special meeting of the holders of the common shares of Yoho to have such holders vote upon a resolution to approve the Arrangement and, in particular, has directed that such holders of the common shares of Yoho shall have the right to dissent under the provisions of Section 191 of the ABCA upon compliance with the terms of the interim order.

**AND NOTICE IS FURTHER GIVEN** that a copy of the said Application and other documents in the proceedings will be furnished to any shareholder of Yoho or other interested party requesting the same from the solicitors for the Applicant at the address given above.

**AND NOTICE IS FURTHER GIVEN** that the Court has been advised by the solicitors for the Applicant that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirement of the United States *Securities Act of 1933*, as amended, pursuant to Section 3(a)(10) thereof, with respect to the exchange by the shareholders of Yoho of common shares of Yoho for common shares of Storm Resources Ltd. and new common shares in the capital of Yoho pursuant to the Arrangement.

**DATED** this 12<sup>th</sup> day of February, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
YOHO RESOURCES INC.**

(signed) "*Brian McLachlan*"

Brian McLachlan  
President, Chief Executive Officer and a Director  
Yoho Resources Inc.

## INFORMATION CIRCULAR AND PROXY STATEMENT

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Yoho for use at the Meeting of Yoho Shareholders to be held on March 20, 2014, and any adjournment thereof. No person has been authorized to give any information or make any representations in connection with the Arrangement or other matters to be considered at the Meeting other than those contained in this Information Circular and if given or made, any such information or representation must not be relied upon as having been authorized.**

**The information concerning Storm in the documents incorporated by reference and contained in this Information Circular has been provided by Storm. Although Yoho has no knowledge that would indicate that any of such information is untrue or incomplete, Yoho does not assume any responsibility for the accuracy or completeness of such information or the failure by Storm to disclose events which may have occurred or may affect the completeness or accuracy of such information but which are unknown to Yoho.**

The Meeting has been called for, among other things, the purpose of considering and, if deemed advisable, passing the Arrangement Resolution. All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule "A" to the Arrangement Agreement which is included in Appendix "A" to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth herein under "*Glossary of Terms*" or the meanings ascribed to such terms in the Sale and Purchase Agreement, which is included in Appendix "A" to this Information Circular, or the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement included in Appendix "A" to this Information Circular.

Information contained in this Information Circular is given as of February 12, 2014, unless otherwise specifically stated.

Details of the Arrangement are set forth below under the heading "*The Arrangement*".

### FORWARD-LOOKING STATEMENTS

Certain statements contained in this Information Circular (including the Appendices attached hereto and the documents incorporated by reference herein) constitute forward-looking statements. These statements relate to future events or future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions.

In particular, this Information Circular contains forward-looking statements pertaining to:

- the perceived benefits of the Transaction (as defined herein);
- the perceived benefits of the Arrangement;
- the timing of the Meeting and the Final Order;
- the anticipated Effective Date;
- the entitlement to Storm Shares to be received by each Yoho Shareholder;
- the treatment of Yoho Shareholders under tax laws;

- Storm's ability to integrate the Assets, including, but not limited to, the ability to deliver multi-year growth in production and reserves;
- the financial position of Storm;
- the substitutional listing of the New Yoho Shares on the TSXV;
- the liquidity of the Storm Shares;
- the terms of the New Yoho Shares;
- the effect on the Corporation if the Arrangement is not completed; and
- treatment under government regulatory regimes.

Forward-looking statements respecting:

- the perceived benefits of the Arrangement are based upon a number of facts, the terms and conditions of the Arrangement Agreement, the financial condition of Yoho, the current position of Storm and current industry, economic and market conditions (see "*The Arrangement – Background to and Benefits of the Arrangement*" and "*The Arrangement Agreement*");
- the structure and effect of the Arrangement are based upon the terms of the Arrangement Agreement and the Plan of Arrangement and the transactions contemplated thereby (see "*The Arrangement Agreement*");
- certain steps in, and timing of, the Arrangement are based upon the terms of the Arrangement Agreement, and advice received from counsel to Yoho relating to timing expectations (see "*The Arrangement - Details of the Arrangement*", "*The Arrangement Agreement*" and "*Procedure for the Arrangement to Become Effective*"); and
- the effects of the Arrangement on Yoho and Yoho Shareholders are based on management's current expectations regarding Storm's business and operations and Yoho's business and operations (see "*The Arrangement – Background to and Benefits of the Arrangement*").

By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Yoho believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this Information Circular should not be unduly relied upon. These statements speak only as of the date of this Information Circular.

Some of the risks that could cause results to differ materially from those expressed in the forward-looking statements include:

- the liabilities and working capital requirements of Yoho being greater than presently anticipated;
- inability to obtain required consents, permits or approvals, including Court, applicable stock exchange and Yoho Shareholder approval of the Arrangement;
- the conditions to completion of the Arrangement may not be satisfied or waived which may result in the Arrangement not being completed; and

- the other factors discussed under "*Risk Factors*" in this Information Circular and in Appendix "F" - *Information Concerning Storm Resources Ltd.* and in the documents incorporated by reference therein, including the Storm AIF (as defined herein).

Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Information Circular are expressly qualified by this cautionary statement. Certain of the documents incorporated by reference herein also include forward-looking information disclaimers, which disclaimers remain applicable to such information. Except as required by law, Yoho does not undertake any obligation to publicly update or revise any forward-looking statements and readers should also carefully consider the matters discussed under the heading "*Risk Factors*" in this Information Circular and in Appendix "F" - *Information Concerning Storm Resources Ltd.*, and the documents incorporated by reference therein, including the Storm AIF.

### **INFORMATION FOR UNITED STATES SHAREHOLDERS**

The New Yoho Shares and Storm Shares received by Yoho Shareholders in exchange for Yoho Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act. Such Storm Shares and the New Yoho Shares will be received in exchange for Yoho Shares by Yoho Shareholders in reliance on the exemption from registration set forth in Section 3(a)(10) of the U.S. Securities Act. Section 3(a)(10) of the U.S. Securities Act exempts the offer and sale of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant the approval, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order and subject to the approval of the Arrangement by the Yoho Shareholders, a hearing on the Arrangement will be held at which all Yoho Shareholders are entitled to appear and be heard. The Final Order will constitute the basis for the exemption under Section 3(a)(10) of the U.S. Securities Act for the securities to be received on the exchange of the Yoho Shares by Yoho Shareholders pursuant to the Arrangement. Before the hearing on the Final Order, the Court will be informed of this effect of the Final Order. New Yoho Shares and Storm Shares received by Yoho Shareholders in exchange for Yoho Shares pursuant to the Arrangement will also be exempt from registration under the securities laws of the applicable states of the United States. Neither the Storm Shares nor the New Yoho Shares will be listed for trading on any U.S. stock exchange.

The solicitation of proxies for the Meeting by means of this Information Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, the solicitations and transactions contemplated in this Information Circular are being made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared solely in accordance with disclosure requirements applicable in Canada. Yoho Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Specifically, information concerning assets and operations of Storm and Yoho contained or incorporated by reference herein has been prepared in accordance with Canadian disclosure standards and is not comparable in all respects to similar United States disclosure standards.

The audited historical financial statements of Yoho and Storm included or incorporated by reference in this Information Circular have been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles at the relevant time (including International Financial Reporting Standards where applicable), and are subject to Canadian auditing and auditor independence standards which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects. Consequently, such financial statements are not comparable in all respects to financial statements of U.S. companies prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards. Similarly, unaudited financial information has been prepared in Canadian dollars and in accordance with Canadian generally accepted accounting principles, which differ from United States generally accepted accounting principles in certain material respects and thus are not comparable in all respects to similar financial information prepared in accordance with United States generally accepted accounting principles and the rules and regulations of the SEC. The financial statements of Yoho and Storm do not contain reconciliation to United States generally accepted accounting principles.

Data on oil and gas reserves and resources included in or incorporated by reference in this Information Circular has been prepared in accordance with Canadian disclosure standards, which are not comparable in all respects to United States disclosure standards by issuers. The SEC generally permits U.S. reporting oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves and production, net of royalties and interests of others. There are certain terms in the Information Circular and the documents incorporated herein, such as resources (including contingent and prospective resources), that the SEC's rules would prohibit a U.S. company from including in filings with the SEC. The SEC generally does not permit U.S. companies to disclose net present value of future net revenue from reserves based on forecast prices and costs. Canadian securities laws permit, among other things, the presentation of certain categories of resources and the disclosure of production on a gross basis before deducting royalties. Unless noted otherwise, all disclosures of reserves and resources in the Information Circular and the documents incorporated herein are made on a gross basis using forecast price and cost assumptions.

The Storm Shares and New Yoho Shares received pursuant to the Arrangement will be freely transferable under United States federal securities laws, except that the U.S. Securities Act imposes restrictions on the resales of those securities by persons who are "affiliates" of Storm or Yoho, as the case may be, after the completion of the Arrangement or within 90 before completion of the Arrangement. As defined in Rule 144 under the U.S. Securities Act, an "affiliate" of an issuer is a person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. Usually, this includes the directors, executive officers and significant shareholders of the issuer. See "*Procedure for the Arrangement to Become Effective - Securities Law Matters - United States*".

**The enforcement by Yoho Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that both Storm and Yoho are organized under the laws of a jurisdiction outside the United States, that some or all of their officers and directors are residents of countries other than the United States, that the experts named in this Information Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of Storm, Yoho and such persons are located outside the United States. As a result, it may be difficult or impossible for Yoho Shareholders in the United States to effect service of process within the United States upon Storm or Yoho, their respective directors or officers, or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the U.S. federal securities laws or "blue sky" laws of any state within the United States. In addition, Yoho Shareholders should not assume that the courts of Canada: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under United States federal securities laws; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under United States federal securities laws.**

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Information Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Storm or Yoho.

Yoho Shareholders subject to United States taxation should be aware that the Arrangement and ownership of Storm Shares and New Yoho Shares may have material tax consequences in the United States. This Information Circular does not contain a summary of the income tax considerations of the Arrangement on Yoho Shareholders who are subject to United States income tax. Such holders should consult their tax advisors to determine the tax implications to them of the Arrangement and the ownership and disposition of the Storm Shares and New Yoho Shares acquired under the Arrangement, including any associated filing requirements.

**THE STORM SHARES AND NEW YOHO SHARES RECEIVED BY YOHO SHAREHOLDERS IN EXCHANGE FOR YOHO SHARES PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR THE STATE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.**

### CURRENCY AND EXCHANGE RATES

All references in this Information Circular, including the Appendices attached hereto, to US\$ are to U.S. dollars. All references herein to \$ are to Canadian dollars unless otherwise stated.

The following table sets forth: (i) the rates of exchange for Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average of exchange rates in effect on the last day of each month during such period; and (iii) the high and low exchange rates during each such period, in each case based on the noon buying rate in the City of New York for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

	<b>Year Ended December 31,</b>		
	<b>2013</b>	<b>2012</b>	<b>2011</b>
Rate at End of Period	\$0.9402	\$1.0051	\$0.9835
Average Rate During Period	\$0.9710	\$1.0004	\$1.0114
High	\$1.0164	\$1.0299	\$1.0584
Low	\$0.9348	\$0.9599	\$0.9430

On February 7, 2014, the last date for which this information was published, the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York was CDN\$1.00 = US\$0.9079.



## GLOSSARY OF TERMS

Unless the context indicates otherwise, the following terms shall have the meanings set out below when used in this Information Circular. Unless the context indicates otherwise, capitalized terms which are used in this Information Circular and not otherwise defined below or elsewhere in this Information Circular (including the applicable Appendix) shall have the meanings ascribed to such terms in the Arrangement Agreement (which is attached as Appendix "A" to this Information Circular) or the Plan of Arrangement (which is attached as Exhibit "A" to the Arrangement Agreement, which is attached as Appendix "A" to this Information Circular).

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Arrangement**" means the proposed arrangement under the provisions of Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement, as supplemented, modified or amended;

"**Arrangement Agreement**" means the arrangement agreement dated January 31, 2014 between Yoho and the Partnership, a copy of which is set forth in Appendix "A" to this Information Circular;

"**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be voted on at the Meeting by Yoho Shareholders, the full text of which is set forth in Appendix "C" to this Information Circular;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**Asset Purchase and Sale Agreement**" means the asset purchase and sale agreement dated January 22, 2014 among Storm, Yoho and the Partnership in respect of the purchase and sale of the Assets;

"**Assets**" means the Montney acreage in the Nig area of Northeast British Columbia held by the Partnership and sold to Storm pursuant to the terms and conditions of the Asset Purchase and Sale Agreement;

"**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Depository**" means Valiant Trust Company, or such other trust corporation registered to carry on business in the Province of Alberta at its principal office in Calgary, Alberta;

"**Dissent Rights**" means the right of dissent granted pursuant to the Plan of Arrangement and the Interim Order to the registered Yoho Shareholders in respect of the Arrangement;

"**Dissenting Shareholders**" means registered Yoho Shareholders who validly exercise the Dissent Right with respect to the Arrangement provided to them under the Plan of Arrangement and the Interim Order;

"**Effective Date**" means the date the Arrangement becomes effective pursuant to the ABCA;

"**Effective Time**" means the time the Arrangement becomes effective on the Effective Date pursuant to the ABCA;

"**Final Order**" means the final order of the Court approving this Arrangement pursuant to paragraph 193(9)(a) of the ABCA in respect of Yoho, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**FirstEnergy**" mean FirstEnergy Capital Corp., financial advisor to Yoho in respect of the Transaction;

"**GLJ**" means GLJ Petroleum Consultants Ltd., independent oil and natural gas reservoir engineers, Calgary, Alberta Ltd.;

"**GLJ Report**" means the independent engineering report prepared by GLJ dated November 15, 2013 evaluating, effective September 30, 2013, the crude oil, natural gas liquids and natural gas reserves of Yoho;

"**Governmental Authority**" means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign, (b) any subdivision, agency, agent or authority of any of the foregoing or (c) any quasi- governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Information Circular**" means this information circular and proxy statement, together with all appendices hereto and documents incorporated herein by reference and including the summary hereof, distributed by Yoho in connection with the Meeting;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Yoho Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction, a copy of which is attached as Appendix "B" to this Information Circular;

"**Letter of Transmittal**" means the letter of transmittal to be sent to registered Yoho Shareholders which, when duly completed and returned with certificate or certificates for Yoho Shares and any other required documents, will enable registered Yoho Shareholders to surrender such certificate(s) for certificate(s) (or other evidence of ownership) representing Storm Shares and New Yoho Shares;

"**Meeting**" means the annual general and special meeting of the Yoho Shareholders to be held on March 20, 2014, and any adjournment or adjournments thereof, to consider and vote on the Arrangement Resolution and such other matters set out in the Notice of Meeting;

"**New Yoho Shares**" means the common shares in the capital of Yoho to be created and issued pursuant to the Arrangement and having the terms and conditions set forth in Exhibit "A" to the Plan of Arrangement, which Plan of Arrangement is set out in Schedule "A" to the Arrangement Agreement;

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil & Gas Activities*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**Notice of Application**" means the Notice of Application made to the Court with respect to the Arrangement, which accompanies this Information Circular;

"**Notice of Meeting**" means the notice of the Meeting which accompanies this Information Circular;

"**Outside Date**" means June 30, 2014, or such later date as may be mutually agreed to by Yoho and the Partnership;

"**Partnership**" means Yoho Resources Partnership, a general partnership formed under the laws of the Province of Alberta;

"**Person**" or "**person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement set out in Schedule "A" to the Arrangement Agreement, as amended or supplemented from time to time in accordance with the terms thereof;

"**Record Date**" means the close of business on January 31, 2014;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

"**SEC**" means the United States Securities and Exchange Commission;

"**Share Consideration**" means the 13,629,442 Storm Shares issued by Storm on January 31, 2014 to the Partnership in accordance with the terms of the Asset Purchase and Sale Agreement as partial consideration for the Assets;

"**Storm**" means Storm Resources Ltd.;

"**Storm AIF**" means the annual information form of Storm for the year ended December 31, 2012 dated March 28, 2013;

"**Storm Share Amount**" means the quotient obtained by dividing the 13,629,442 Storm Shares held by the Partnership immediately prior to the Effective Time by the number of Yoho Shares issued and outstanding (on a non-diluted basis) immediately prior to the Effective Time;

"**Storm Shares**" means common shares in the capital of Storm;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1. (5<sup>th</sup> Supp), as amended from time to time, and the regulations promulgated thereunder, as amended from time to time;

"**Transaction**" means the sale of the Assets by the Partnership to Storm effective on January 31, 2014 pursuant to the Asset Purchase and Sale Agreement;

"**TSXV**" means the TSX Venture Exchange;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended, and the rules, regulations and orders promulgated thereunder;

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder;

"**Yoho**" or the "**Corporation**" means Yoho Resources Inc.;

"**Yoho AIF**": means the annual information form for Yoho for the year ended September 30, 2013 dated December 3, 2013;

"**Yoho Board**" or "**Board of Directors**" means the board of directors of Yoho as it may be comprised from time to time;

"**Yoho Option Plan**" means the Yoho share option plan, as amended, and the agreements thereunder pursuant to which the Yoho Options were issued;

"**Yoho Optionholders**" means the holders of Yoho Options;

"**Yoho Options**" means the outstanding stock options of Yoho granted pursuant to the Yoho Option Plan, whether or not vested, entitling the holders thereof to acquire Yoho Shares;

**"Yoho Shareholders"** means holders of Yoho Shares; and

**"Yoho Shares"** means common shares in the capital of Yoho, as presently constituted.

## SUMMARY

*This summary is provided for convenience of reference only and is qualified in its entirety by the more detailed information appearing elsewhere in the Notice of Meeting, Notice of Application and this Information Circular, including the Appendices hereto and the information incorporated by reference herein.*

### **Yoho Resources Inc.**

Yoho is a corporation formed under the ABCA and is a Calgary, Alberta based junior oil and natural gas company with operations focusing in West Central Alberta and northeast British Columbia. The Yoho Shares trade on the TSXV under the symbol "YO". See Appendix "E" – *Information Concerning Yoho Resources Inc.*

### **Storm Resources Ltd.**

Storm is a corporation formed under the ABCA and is a Calgary, Alberta based junior oil and natural gas company with operations in the Umbach (Nig) and Horn River Basin areas of north eastern British Columbia and in the Grande Prairie area of north western Alberta. The Storm Shares trade on the TSXV under the symbol "SRX". See Appendix "F" – *Information Concerning Storm Resources Ltd.*

### **The Meeting**

The Meeting will be held in the Viking Room at the Calgary Petroleum Club, 319 - 5th Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on March 20, 2014, for the purposes set forth in the accompanying Notice of Meeting. At the Meeting, Yoho Shareholders will, among other things, be asked to consider and, if deemed advisable, pass, with or without variation, the Arrangement Resolution.

### **The Arrangement**

At the Meeting, Yoho Shareholders will be asked to consider and vote upon, among other things, the Arrangement pursuant to which, each issued and outstanding Yoho Share as at the Effective Time will be exchanged for one (1) New Yoho Share and such number of Storm Shares as is equal to the Storm Share Amount, representing an estimated entitlement of approximately 0.26864 of a Storm Share for every one (1) Yoho Share, based on an aggregate of 50,733,687 Yoho Shares currently issued and outstanding on a non-diluted basis.

See "*The Arrangement*".

### **Benefits of the Arrangement**

Yoho's management and the Board of Directors believe that the Transaction provides Yoho with further flexibility to fund its planned exploration and development activities on its Duvernay acreage where Yoho and other industry participants have experienced highly successful drilling results to date. In addition, Yoho may now allocate increased capital to its properties in the Inga area of British Columbia.

Further, by way of receiving part of the consideration for the Assets in the Transaction in the form of the Storm Shares, Yoho is in a position, by way of the Arrangement, to transfer ownership of the Storm Shares from the Yoho Partnership to the Yoho Shareholders. Yoho Shareholders thereby may continue, if they choose, to participate in the growth potential and future value creation of the Nig (referred to by Storm as Umbach) play through their ownership in Storm. Storm is a natural gas and oil resource play focused company listed on the TSXV with operations in the Umbach (Nig) and Horn River Basin areas of north eastern British Columbia, and in the Grande Prairie area of north western Alberta. Including the Assets, Storm owns approximately 98,000 net acres of Montney rights in the Nig area of British Columbia.

In light of the foregoing, Yoho's management and the Board of Directors believe that the Arrangement will have the following benefits for Yoho and the Yoho Shareholders:

- through the ownership of Storm Shares to be received by them under the Arrangement, Yoho Shareholders will:
  - have the opportunity to continue to participate in the Assets;
  - enjoy a broader exposure to the Nig play given Storm's significant position at Nig and its potential ability to deliver multi-year growth in production and reserves;
  - own common shares in a well capitalized exploration and production company with significant operations in Northeastern British Columbia and Northwestern Alberta that has the financial resources to fund the exploration and development of its assets (including the Assets); and
  - have the ability to participate in any value increase in the Storm Shares;
- the acquisition of the Storm Shares to Yoho Shareholders under the Arrangement will effectively be structured as a return of capital, which will generally be tax deferred for a Yoho Shareholder who is a resident of Canada for income tax purposes so long as the Yoho Shareholder's adjusted cost base in their Yoho Shares is at least equal to the fair market value of the Storm Shares received. See "*Certain Canadian Federal Income Tax Considerations*";
- the Storm Shares are listed on the TSXV and as such there exists a liquid market for the Storm Shares should Yoho Shareholders elect to dispose of some or all of the Storm Shares acquired by them under the Arrangement; and
- with Yoho no longer being a shareholder of Storm, Yoho management and the Yoho Board need not direct any resources towards managing such an equity ownership position.

#### **Recommendation of the Yoho Board in respect of the Arrangement**

In light of the foregoing and other relevant factors, the Yoho Board (other than a director who is also a director of Storm and accordingly has abstained from voting) has unanimously approved the Arrangement and concluded that the Arrangement is in the best interests of Yoho and the Yoho Shareholders. Mr. John Brussa is a director of each of Yoho and Storm. As such, Mr. Brussa recused himself from all board meetings and discussions of each of Yoho and Storm in respect of the Transaction and further has recused himself from all board meetings and discussions with respect to the Arrangement and has abstained from voting in respect of all such transactions in respect of both Yoho and Storm, as applicable. **The members of the Yoho Board other than Mr. Brussa (who has abstained) unanimously recommend that Yoho Shareholders vote their Yoho Shares in favour of the Arrangement.** See "*The Arrangement – Recommendations of the Yoho Board in respect of the Arrangement*".

#### **Conditions of the Arrangement**

The respective obligations of Yoho and the Partnership to complete the transactions contemplated by the Arrangement are subject to certain conditions as set forth in the Arrangement Agreement that must be satisfied in order for the Arrangement to become effective. A copy of the Arrangement Agreement is attached to this Information Circular as Appendix "A". Upon all of the conditions being fulfilled or waived, the Arrangement Agreement requires Yoho to file a copy of the Final Order and the Articles of Arrangement with the Registrar in order to give effect to the Arrangement. See "*The Arrangement Agreement – Conditions to the Arrangement*".

#### **Approvals**

##### ***Yoho Shareholder Approval***

Pursuant to the terms of the Interim Order, the Arrangement Resolution must be approved by at least two-thirds (2/3) of the votes cast by Yoho Shareholders present in person or by proxy at the Meeting. See "*Procedure for the Arrangement to Become Effective – Approvals - Yoho Shareholder Approval*" and "*General Proxy Matters*". In the

event that the requisite approval of the Yoho Shareholders is not received, the Arrangement will not proceed. See Appendix "C" to this Information Circular for the full text of the Arrangement Resolution.

### ***Court Approval***

On February 12, 2014, Yoho obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Appendix "B" to this Information Circular.

Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, Yoho will make application to the Court for the Final Order at the Calgary Court Centre, 601 - 5th Street, S.W., Calgary, Alberta on March 20, 2014 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Application for the Final Order accompanies this Information Circular. On application, the Court will consider the fairness of the Arrangement. See "*Procedure for the Arrangement to Become Effective – Approvals - Court Approval*".

### **Effect of the Arrangement on Yoho Shares**

Yoho Shareholders of record on the Effective Time will be entitled to receive one (1) New Yoho Share and such number of Storm Shares equal to the Storm Share Amount, representing a current estimated entitlement of approximately 0.26864 of a Storm Share per every one (1) Yoho Share (assuming no additional Yoho Shares are issued between the date of this Information Circular and the Effective Time).

The New Yoho Shares exchanged for Yoho Shares pursuant to the Arrangement will have features that are similar to the current Yoho Shares, but will not include, in their provisions, the explicit right to requisition a shareholder meeting. The provisions of the currently issued and outstanding Yoho Shares provide that the holders of not less than 4% of the issued and outstanding Yoho Shares are entitled to requisition the directors of Yoho to call a meeting of the shareholders for the purposes stated in the requisition. The provisions of the New Yoho Shares will not include such an explicit provision. Notwithstanding this omission from the provisions of the New Yoho Shares, holders of New Yoho Shares will be entitled to a substantially similar right, as the ABCA provides that holders of not less than 5% of the issued and outstanding shares of an Alberta corporation are entitled to requisition the directors of a corporation to call a meeting of shareholders for the purposes stated in the requisition.

See "*The Arrangement - Effect of the Arrangement on Yoho Shares*".

### **Effect of the Arrangement on Yoho Options**

Pursuant to the terms of the Yoho Option Plan, upon completion of the Arrangement, holders of the outstanding Yoho Options shall be entitled to acquire one (1) New Yoho Share for each such Yoho Option held, in lieu of acquiring one (1) Yoho Share. Furthermore, provided the Yoho Option Plan is re-approved by Yoho Shareholders at the Meeting, including in respect of certain recent amendments thereto described in further detail under "*Particular Matters to be Acted Upon - Approval of the Yoho Option Plan*", the Yoho Option Plan will provide the Yoho Board with the discretion, without further approval of the Yoho Shareholders, to amend the exercise prices of outstanding Yoho Options in certain events. Under the Yoho Option Plan, as amended, the Yoho Board will be able to exercise this discretion in the event Yoho completes a distribution of cash (including a cash dividend or a return of capital but excluding dividends paid in the ordinary course), securities or other property or assets of Yoho, to the Yoho Shareholders. As the Arrangement will effectively result in the distribution of Storm Shares to Yoho Shareholders, the Yoho Board intends (subject to Yoho Shareholders re-approving the Yoho Option Plan, as amended) to reduce the exercise price of the Yoho Options outstanding subsequent to the Effective Time by an amount equal to the fair market value of the Storm Shares as at the Effective Time. The Yoho Board would exercise its discretion in this fashion in order to ensure that the holders of Yoho Options are neither favoured nor penalized by the impact of the distribution of Storm Shares to Yoho Shareholders contemplated by the Arrangement.

See "*The Arrangement - Effect of the Arrangement on Yoho Options*".

### **Procedure for Exchange of Share Certificates**

**A copy of the Letter of Transmittal is enclosed with this Information Circular.** To receive certificates representing Storm Shares and New Yoho Shares pursuant to the Arrangement, the enclosed Letter of Transmittal must be validly completed, duly executed and returned with the certificate(s) representing Yoho Shares, and any other documentation as provided in the Letter of Transmittal, to the offices of the Depositary specified in the Letter of Transmittal. In the event that the Arrangement is not completed, such certificates will be promptly returned. Upon surrender to the Depositary of a validly completed and duly executed Letter of Transmittal, the certificate(s) representing Yoho Shares and any other documentation as provided in the Letter of Transmittal, the Depositary (subject to any withholdings, if applicable) shall deliver to such holder certificate(s) representing the Storm Shares and New Yoho Shares to which the holder of such certificate is entitled pursuant to the Arrangement (together with any dividends or distributions with respect thereto pursuant to Article 5 of the Plan of Arrangement).

The use of the mail to transmit certificates representing Yoho Shares and the Letter of Transmittal to the office of the Depositary is at each Yoho Shareholder's risk. Yoho recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefor be obtained or that registered mail be used.

**Yoho Shareholders whose Yoho Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Yoho Shares.**

See "*Procedure for the Arrangement to Become Effective - Procedure for the Exchange of Share Certificates*".

### **Treatment of Fractional Storm Shares and Fractional New Yoho Shares**

No certificates representing fractional Storm Shares or New Yoho Shares will be issued. In the event that a Yoho Shareholder would otherwise be entitled to a fraction of a Storm Share under the Arrangement, the number of Storm Shares deliverable to such Yoho Shareholder shall, without any additional compensation, be rounded down to the next lesser whole number of Storm Shares. In the event that a Yoho Shareholder would otherwise be entitled to a fractional New Yoho Share under the Arrangement, the number of New Yoho Shares deliverable to such Yoho Shareholder shall be rounded up to the next greater whole number of New Yoho Shares in cases where the fraction is equal to 0.5 or greater, and shall be rounded down to the next lesser whole number of New Yoho Shares in cases where the fraction is less than 0.5. In calculating such fractional interests, all Yoho Shares registered in the name of or beneficially held by such Yoho Shareholder or their nominee shall be aggregated.

See "*The Arrangement - Treatment of Fractional Storm Shares and Fractional New Yoho Shares*".

### **Timing**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon the filing with the Registrar of a copy of the Final Order and the Articles of Arrangement. If the Meeting is held and the Arrangement Resolution is approved by Yoho Shareholders as required by the Interim Order, Yoho will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on March 20, 2014, in form and substance satisfactory to Yoho, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Yoho expects the Effective Date to be March 20, 2014. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order. See "*Procedure for the Arrangement to Become Effective – Timing*".

### **Risk Factors**

Upon the completion of the Arrangement, Yoho Shareholders will receive Storm Shares and New Yoho Shares. The ownership of Storm Shares is subject to certain risks which may differ or be in addition to the risks applicable to an investment in Yoho. For a summary of the risks relating to the Storm Shares or an investment in Storm, see "*Risk Factors*" in this Information Circular, in Appendix "F" - *Information Concerning Storm Resources Ltd.* and in the Storm AIF incorporated by reference therein. In addition, whether or not the Arrangement is completed, Yoho will



continue to face many risks with respect to its business and affairs. See "*Risk Factors*" in this Information Circular, in Appendix "E" - *Information Concerning Yoho Resources Inc.* and in the Yoho AIF incorporated by reference therein.

### **Certain Canadian Federal Income Tax Considerations**

Certain Canadian federal income tax considerations for Yoho Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary herein entitled "*Certain Canadian Federal Income Tax Considerations*".

### **Non-Canadian Income Tax Considerations**

**This Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement applicable to Yoho Shareholders who are subject to income tax outside of Canada. Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.**

### **Right of Dissent**

Pursuant to the ABCA and the Interim Order, a registered Yoho Shareholder will have the right to dissent with respect to the Arrangement Resolution. To exercise such right, the Dissenting Shareholder must send to Yoho a written objection to the Arrangement Resolution, which written objection must be received by Yoho c/o Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue S.W. Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, by 4:30 p.m. (Calgary time) on March 18, 2014 (or such other date that is the second to last business day prior to the Meeting, or any adjournment thereat) and the Dissenting Shareholder must otherwise comply with Section 191 of the ABCA, as modified and supplemented by the Interim Order. Provided the Arrangement becomes effective, each Dissenting Shareholder will be entitled to be paid the fair value of the Yoho Shares in respect of which the Dissenting Shareholder dissents in accordance with Section 191 of the ABCA, as modified and supplemented by the Interim Order. See Appendices "B" and "D" for a copy of the Interim Order and the provisions of Section 191 of the ABCA, respectively.

The statutory provisions covering the right of dissent are technical and complex. Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified and supplemented by the Interim Order, will result in the loss of any right of dissent. A person who is a beneficial holder of Yoho Shares registered in the name of a broker, custodian, nominee or other intermediary who wishes to dissent, should be aware that only the registered holder of such Yoho Shares is entitled to dissent. Accordingly, a beneficial holder of Yoho Shares desiring to exercise the right of dissent must make arrangements for such Yoho Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Yoho or, alternatively, make arrangements for the registered holder of such Yoho Shares to dissent on such holder's behalf. Pursuant to the Interim Order, a Yoho Shareholder may not exercise the right of dissent in respect of only a portion of such holder's Yoho Shares and may not vote any Yoho Shares in favour of the Arrangement. See "*Right of Dissent*" and Appendix "D".

## PARTICULARS OF MATTERS TO BE ACTED UPON

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting of Yoho Shareholders. However, if any other matter properly comes before the Meeting, the management designees set forth in the accompanying form of proxy, if named as proxy, will vote on such matter in accordance with the best judgment of the person or persons voting the proxy.

### Financial Statements

At the Meeting, the Yoho Shareholders will receive the audited financial statements of Yoho for the most recently completed financial year of Yoho (being the year ended September 30, 2013), together with the auditor's report thereon.

### Fixing Number of Directors

It is proposed that the number of directors to be elected at the Meeting be set at seven (7). There are presently seven (7) directors of Yoho, each of whose term of office shall expire at the termination of the Meeting unless such director is re-elected as a director at the Meeting. The directors elected at the Meeting will hold office until the next annual meeting of Yoho or until their successors are elected or appointed, subject to the articles and by-laws of Yoho. Unless otherwise directed, the management designees set forth in the accompanying form of proxy, if named as proxy, intend to vote the Yoho Shares represented by any such proxy in favour of an ordinary resolution setting the number of directors to be elected at the Meeting at seven (7) members.

### Election of Directors

**Unless otherwise directed, the management designees set forth in the accompanying form of proxy, if named as proxy, intend to vote the Yoho Shares represented by any such proxy for the election of the following nominees to the Board of Directors.**

The names and jurisdiction of residence of the persons nominated for election as directors, the date each was originally elected or appointed a director of the Corporation, the principal occupation of each and the number of voting securities of Yoho beneficially owned, or over which each exercises control or direction, directly or indirectly, are as follows:

<u>Name and Province and Jurisdiction of Residence</u>	<u>Director Since</u>	<u>Common Shares Beneficially Owned</u>	<u>Principal Occupation</u>
Gary Perron <sup>(1)</sup> Calgary, Canada	December 20, 2004	5,014,655	Mr. Perron is a partner of Perron & Partners Wealth Management. Prior thereto, Mr. Perron was a Managing Director and Vice-President of BMO Nesbitt Burns
Kevin Olson <sup>(1)(2)</sup> Calgary, Canada	December 20, 2004	279,939	Mr. Olson is the President of Kyklopes Capital Management Ltd. Prior thereto, Mr. Olson was a portfolio manager with EnergyX Capital Management.
Terry Svarich <sup>(1)(3)</sup> Calgary, Canada	February 17, 2005	170,000	Mr. Svarich is the President of DevSun Ltd., a private investment company.

<b>Name and Province and Jurisdiction of Residence</b>	<b>Director Since</b>	<b>Common Shares Beneficially Owned</b>	<b>Principal Occupation</b>
Peter Kurceba <sup>(2)(3)</sup> Calgary, Canada	February 9, 2006	304,045	Mr. Kurceba is an independent businessman. Prior thereto, Mr. Kurceba was an oil and gas industry advisor at J.F. Mackie & Company Ltd., an independent equity investment firm.
Bruce Allford <sup>(2)</sup> Calgary, Canada	December 20, 2004	148,847	Mr. Allford is a partner with the Calgary law firm, Burnet, Duckworth & Palmer LLP.
Brian McLachlan Calgary, Canada	January 5, 2005	1,128,436	Mr. McLachlan is the President and Chief Executive Officer of Yoho.
John Brussa Calgary, Canada	March 11, 2008	185,000	Mr. Brussa is a partner with the Calgary law firm, Burnet, Duckworth & Palmer LLP.

Notes:

- (1) The members of the Corporation's Audit Committee are, as at the date hereof, Messrs. Gary Perron, Kevin Olson and Terry Svarich.
- (2) The members of the Corporation's Compensation Committee are, as at the date hereof, Messrs. Peter Kurceba, Kevin Olson and Bruce Allford.
- (3) The members of the Corporation's Reserve Committee are, as at the date hereof, Messrs. Terry Svarich and Peter Kurceba.

The information as to Yoho Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, is based upon the information furnished to Yoho by the respective nominees. As at the date hereof, the directors and officers of the Corporation, and their associates and affiliates, as a group own or control, directly or indirectly, 8,116,622 Yoho Shares or 16.0% of the issued and outstanding Yoho Shares.

### **Majority Voting for Directors**

The Yoho Board has adopted a majority voting policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of the Yoho Shares voted and withheld, the nominee will submit his resignation promptly after the meeting, for the Yoho Board's consideration. The Yoho Board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. The nominee will not participate in any Yoho Board deliberations on the resignation offer unless there are not at least three directors who did not receive a majority withheld vote. The policy does not apply in circumstances involving contested director elections.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of Yoho, no proposed director of Yoho is, as of the date hereof, or was within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including Yoho), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

To the knowledge of Yoho, no proposed director of Yoho: (a) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including Yoho) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of Yoho, no proposed director of Yoho has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

### **Appointment of Auditors**

**Unless otherwise directed, the management designees set forth in the accompanying form of proxy, if named as proxy, intend to vote the Yoho Shares represented by any such proxy in favour of a resolution to reappoint KPMG LLP, Chartered Accountants, as auditors of Yoho to hold office until the next annual general meeting of Yoho Shareholders and to authorize the directors to fix their remuneration.** The resolution must be approved by a simple majority of the votes cast at the Meeting by the holders of Yoho Shares. If elected, KPMG LLP will hold office as auditor of Yoho until the next annual meeting of shareholders or until their successor is duly elected or appointed pursuant to the by-laws of Yoho, unless their position is earlier vacated in accordance with the provisions of the ABCA or Yoho's by-laws. KPMG LLP has been the auditor of Yoho since December 23, 2004.

### **Approval of the Yoho Option Plan**

The Yoho Option Plan is attached to this Information Circular as Schedule "B" to Appendix "E" – *Information Concerning Yoho Resources Inc.* Pursuant to the policies of the TSXV, the Yoho Option Plan must be approved annually by a majority of the votes cast by Yoho Shareholders, either in person or by proxy, at the Meeting.

The Yoho Option Plan provides for the granting of Yoho Options to directors, officers, employees and consultants (as permitted by applicable law). The Yoho Option Plan is administered by the Yoho Board, or a committee of the Yoho Board appointed from time to time for such purpose. Yoho Options may be granted at the discretion of the Yoho Board or a committee thereof, in such number that may be determined at the time of grant, subject to the limits set out in the Yoho Option Plan. The number of Yoho Shares issuable upon exercise of the options granted under the Yoho Option Plan is not more than 10% of the number of Yoho Shares that are issued and outstanding. The number of Yoho Shares issuable upon the exercise of the Yoho Options granted to any one individual, within a one-year period, cannot exceed 5% of the number of Yoho Shares issued and outstanding.

The exercise price of options granted under the Yoho Option Plan will be fixed by the Yoho Board, or a committee thereof, at the time of grant, provided that such exercise price may not be less than the Discounted Market Price (as such term is defined by the TSXV) of the Yoho Shares, or such other prices as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject. Subject to any automatic vesting that may occur as a result of a change of control of the Corporation (as such term is defined in the Yoho Option Plan), the options granted under the Yoho Option Plan will vest on a basis, and will be exercisable for a period not exceeding five years, as determined by the Yoho Board, or a committee thereof, at the time of grant. In the absence of any determination by the Yoho Board as to vesting, vesting shall be as to one third on each of the first, second and third anniversaries of the date of grant.

Additionally, in August of 2013, the Yoho Board approved an amendment to the Yoho Option Plan to provide that upon the distribution by the Corporation to holders of Yoho Shares of cash, securities or other property or assets, an appropriate and proportionate adjustment to the exercise price of the Yoho Options outstanding may be made by the Yoho Board in its discretion, provided that the adjusted exercise price may not be less than the Discounted Market

Price (as defined therein) of the Yoho Shares as of the effective date of such adjustment and there shall not be any adjustment to the number of Yoho Shares to be delivered upon exercise of a Yoho Option. Such amendments were approved by the TSXV in September 2013, subject to the approval and ratification of the Yoho Shareholders. These amendments, if ratified by the Yoho Shareholders, will allow the Yoho Board to consider an adjustment to the exercise price of the currently outstanding Yoho Options in connection with Yoho Shareholders receiving Storm Shares pursuant to the Arrangement. See "*Interest of Certain Persons or Companies in Matters to be Acted Upon*", "*Effect of the Arrangement on Yoho Options*" and Section 11 of the Yoho Option Plan appended as Schedule "B" to Appendix "E" hereto.

As of the date hereof, Yoho had 50,733,687 Yoho Shares issued and outstanding and 4,186,000 Yoho Options had been granted pursuant to the Yoho Option Plan. Accordingly, 887,369 Yoho Options are still available to be granted under the Yoho Option Plan.

**Management recommends that Yoho Shareholders vote in favour of approving the Yoho Option Plan, as amended. Unless you give other instructions, the management designees named in the enclosed form of proxy intend to vote FOR the following ordinary resolution approving the Yoho Option Plan, as amended:**

"BE IT RESOLVED THAT:

1. the stock option plan of Yoho Resources Inc. (the "**Corporation**"), as amended in the fashion described in the Information Circular of the Corporation dated February 12, 2014, which provides for the rolling grant of options to acquire up to 10% of the number of issued and outstanding common shares of the Corporation, be and the same is hereby approved;
2. all options of the Corporation previously granted are hereby ratified, confirmed and approved; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution."

### **Arrangement Resolution**

At the Meeting, Yoho Shareholders will be asked to consider, and if deemed advisable, approve, with or without variation, the Arrangement Resolution. In order to be approved, the Arrangement Resolution must receive the affirmative vote of at least two-thirds (2/3) of the votes cast in respect of the Arrangement Resolution by the holders of Yoho Shares, present in person or voting by proxy, at the Meeting. Unless otherwise directed, the management designees set forth in the accompanying form of proxy, if named as proxy, intend to vote the Yoho Shares represented by any such proxy in favour of the Arrangement Resolution. See "*General Proxy Matters – Proxy Voting*".

See "*The Arrangement*", "*The Arrangement Agreement*" and "*Procedure for the Arrangement to Become Effective*" for further details regarding the Arrangement and the Arrangement Agreement.

A copy of the Arrangement Agreement is attached hereto as Schedule "A", including a copy of the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement. A copy of the Arrangement Resolution is attached hereto as Appendix "C".

## **Additional Business**

At the Meeting, the Yoho Shareholders will also transact such further or other business as may properly come before the Meeting or any adjournments thereof. Management of Yoho knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting.

## **THE ARRANGEMENT**

### **Overview of the Arrangement**

**The Arrangement will be completed on the terms and conditions set forth in the Plan of Arrangement, which is attached as Schedule "A" to the Arrangement Agreement included in Appendix "A" hereto. Readers are encouraged to carefully review the Plan of Arrangement. The disclosure of the principal terms and features of the Arrangement described in this Information Circular is qualified in its entirety by reference to the complete text of the Plan of Arrangement.**

At the Meeting, Yoho Shareholders will be asked to consider and vote upon the Arrangement pursuant to which each issued and outstanding Yoho Share as at the Effective Time shall be exchanged for one New Yoho Share and such number of Storm Shares as is equal to the Storm Share Amount.

### **Details of the Arrangement**

**The following description is a summary only and is qualified in its entirety by reference to the full text of the Plan of Arrangement set forth in Schedule "A" to the Arrangement Agreement, which is included in Appendix "A" to this Information Circular.**

Pursuant to the Arrangement, the following steps shall occur in the following order at the Effective Time:

- (a) the Yoho Shares held by Dissenting Shareholders shall, as of the Effective Time, be, and shall be deemed to have been, transferred to the Corporation (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and shall be cancelled and cease to be outstanding and, as of the Effective Time, such Dissenting Shareholders shall cease to have any rights as Yoho Shareholders, other than the right to be paid the fair value of their Yoho Shares in accordance with the Dissent Rights;
- (b) the Partnership shall transfer to the Corporation all of its legal and beneficial right, title and interest in all of the Storm Shares held by it by way of a distribution of capital of the Corporation's equity interest in the Partnership;
- (c) the capital account of the Corporation's equity interest in the Partnership shall be reduced by an amount equal to the fair market value of the Storm Shares transferred to the Corporation pursuant to subsection (b) above;
- (d) the Articles of the Corporation shall be amended to authorize the Corporation to issue an unlimited number of New Yoho Shares as an additional class of shares of the Corporation's share capital;
- (e) each issued and outstanding Yoho Share (other than any such shares in respect of which the holder has exercised the Dissent Rights) shall be exchanged for: (i) one (1) New Yoho Share; and (ii) such number of Storm Shares (or fraction thereof) equal to the Storm Share Amount. Each Yoho Shareholder shall cease to be the holder of the Yoho Shares so exchanged and shall become the holder of the number of New Yoho Shares issued to such Yoho Shareholder. The name of such Yoho Shareholder shall be removed from the register of holders of the Yoho Shares with respect to the Yoho Shares so exchanged and shall be added to the register of holders of New Yoho Shares as the holder of the number of New Yoho Shares so issued to such Yoho Shareholder;

- (f) the stated capital of the New Yoho Shares issued pursuant to subsection (e) above shall be equal to the stated capital of the Yoho Shares exchanged for New Yoho Shares pursuant to subsection (e) less the fair market value of the Storm Shares distributed to the Yoho Shareholders pursuant to subsection (e);
- (g) the Yoho Shares exchanged for New Yoho Shares pursuant to subsection (e) above shall be cancelled;
- (h) the Articles of the Corporation shall be amended by cancelling the Yoho Shares from the share capital which the Corporation is authorized to issue and to rename the New Yoho Shares as "Common Shares"; and
- (i) all transfers of securities that occur pursuant to the Plan of Arrangement shall be made free and clear of any and all liens, claims and encumbrances attaching to such securities.

### **Background to the Arrangement**

On January 31, 2014, Storm and Yoho closed the Transaction, whereby Storm purchased the Assets from the Partnership, for cash consideration in the amount of approximately \$30 million and 13,629,442 Storm Shares. As a result, Yoho is in a position to transfer ownership of the Storm Shares from the Yoho Partnership to the Yoho Shareholders. Yoho is therefore proposing to complete the Arrangement pursuant to which each issued and outstanding Yoho Share as at the effective time of the Arrangement will be exchanged for one (1) New Yoho Share and a pro rata entitlement to the aggregate 13,629,442 Storm Shares currently held by the Partnership.

The following is a summary of the background to and events leading up to the completion of the Transaction and the entering into of the Arrangement Agreement, on January 31, 2014.

The Yoho Board and its senior management team regularly assess Yoho's operating and financial performance and review all opportunities which may be available to the Corporation with a view to ensuring shareholder value is being maximized. This ongoing assessment includes, without limitation, discussion and review of Yoho's ongoing operations and growth plans, potential strategic acquisitions and dispositions and corporate transactions, as well as potential financing transactions. In particular, the Board of Directors and Yoho management regularly review and assess the Corporation's asset base, the capital requirements and operating costs associated therewith and the ability of Yoho to grow production and reserves across all of its assets, as well as reviewing and assessing capital market conditions, the Corporation's cost of capital, commodity prices and other general market and economic factors.

Further to this ongoing review, during the summer and early autumn of 2013, Yoho, together with certain members of the Board of Directors, carried on a number of confidential discussions with certain third party investment dealers, including FirstEnergy, respecting the foregoing factors and respecting a range of potential transactions designed to assist the Corporation with continuing to grow its production and reserve base over the long term and to thereby maximize shareholder value. During this period, the Yoho Board met frequently to review the status of such discussions, to review Yoho's ongoing operating and financial performance and growth plans and to discuss potential strategic acquisitions and dispositions and corporate, as well as financing, transactions.

Subsequent to such meetings, in November 2013, Yoho retained FirstEnergy to act as its financial advisor in respect of a confidential process to sell the Assets. From November 14, 2013 to November 18, 2013, FirstEnergy worked with management of Yoho to create a confidential information memorandum to be distributed to potential interested parties and established an electronic data room with confidential information in respect of the Assets to provide to interested parties, subject to the entering into of a confidentiality agreement with Yoho. During the period between November 19, 2013 and November 28, 2013, FirstEnergy contacted approximately 12 interested parties. On November 17, 2013, certain interested parties, including Storm, submitted non-binding proposals to acquire the Assets.

On November 18, 2013, the Yoho Board met with FirstEnergy to evaluate the initial non-binding proposals received from interested parties, including Storm. After giving full consideration to all of the non-binding proposals submitted, consulting with FirstEnergy and considering all relevant factors, the Yoho Board (other than John Brussa who recused himself from such deliberations) authorized management of Yoho and FirstEnergy to engage in

discussions with Storm regarding the potential sale of the Assets on terms acceptable to Yoho. Yoho subsequently conducted a due diligence review of Storm which included the receipt of technical information from Storm management. During the week of December 23, 2013, Yoho (through FirstEnergy) requested and received a revised non-binding proposal from Storm, including a split between the cash and equity component of the purchase price.

Following approval by the Yoho Board (with John Brussa abstaining), on January 2, 2014 Yoho and Storm entered into a non-binding letter agreement setting forth the principal terms and conditions of a proposed transaction between the parties. Subsequently, each of Yoho and Storm completed their due diligence and the terms of the Asset Purchase and Sale Agreement were negotiated by the parties.

On January 22, 2014, after duly considering all relevant factors and considerations relating to the proposed transaction, including the material terms and conditions of the proposed Asset Purchase and Sale Agreement, the Yoho Board (with John Brussa abstaining) approved the Transaction and authorized Yoho to enter into the Asset Purchase and Sale Agreement. The Asset Purchase and Sale Agreement was executed on January 22, 2014. The Transaction closed on January 31, 2014. Also on January 31, 2014, Yoho and the Partnership entered into the Arrangement Agreement setting forth the terms of the Plan of Arrangement.

### **Effect of the Arrangement on Yoho Shares**

Yoho Shareholders of record on the Effective Time will be entitled to receive one (1) New Yoho Share and such number of Storm Shares equal to the Storm Share Amount, representing a current estimated entitlement of approximately 0.26864 of a Storm Share per every one (1) Yoho Share (assuming no additional Yoho Shares are issued between the date of this Information Circular and the Effective Time).

The New Yoho Shares exchanged for Yoho Shares pursuant to the Arrangement will have features that are similar to the current Yoho Shares, but will not include, in their provisions, the explicit right to requisition a shareholder meeting. The provisions of the currently issued and outstanding Yoho Shares provide that the holders of not less than 4% of the issued and outstanding Yoho Shares are entitled to requisition the directors of Yoho to call a meeting of the shareholders for the purposes stated in the requisition. The provisions of the New Yoho Shares will not include such an explicit provision. Notwithstanding this omission from the provisions of the New Yoho Shares, holders of New Yoho Shares will be entitled to a substantially similar right, as the ABCA provides that holders of not less than 5% of the issued and outstanding shares of an Alberta corporation are entitled to requisition the directors of a corporation to call a meeting of shareholders for the purposes stated in the requisition. A summary of the comparison of the Yoho Shares and New Yoho Shares is set forth below.

#### **Current Provisions of Yoho Shares**

#### **Proposed Provisions of New Yoho Shares**

##### *Dividends:*

The holders of Common Shares shall be entitled to receive dividends, if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, in such amounts and payable at such times and at such place or places in Canada as the board of directors may, from time to time, determine, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends.

Identical

##### *Participation Upon Liquidation, Dissolution or Winding Up:*

The holders of Common Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and

Identical



subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the holders of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution.

*Voting Rights:*

The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Common Shares as such) and to one vote in respect of each Common Share held at all such meetings.

Identical

*Special Rights:*

The holders of not less than 4% of the issued and outstanding Common Shares may requisition the directors of the Corporation to call a meeting of the shareholders of the Corporation for the purposes stated in the requisition. The requisition, which may consist of several documents of like form each signed by one or more shareholders, shall state the business to be transacted at the meeting and shall be sent to each director and to the registered office of the Corporation. On receiving the requisition, the directors shall call a meeting of shareholder to transact the business stated in the requisition unless, (i) a record date has been fixed under section 133(2) of the Business Corporations Act (Alberta) (the "Act") and notice of the record date has been given under Section 133(4) of the Act, or (ii) the directors have called a meeting of shareholders and have given notice of the meeting under section 134 of the Act, or (iii) the business of the meeting as stated in the requisition includes matters described in sections 136(5)(b) to (e) of the Act. Should the directors of the Corporation not call such meeting within 21 days after receiving such requisition a shareholder who made such requisition may call the meeting as nearly as possible in the manner in which such meeting are to be called under the Act and the by-laws of the Corporation. Unless the shareholders otherwise resolve at a meeting called under this provision, the Corporation shall reimburse the shareholders the expenses reasonably incurred by them in requisitioning, calling and holding the meeting.

Omitted

**Effect of the Arrangement on Yoho Options**

Pursuant to the terms of the Yoho Option Plan, upon completion of the Arrangement, holders of the outstanding Yoho Options shall be entitled to acquire one (1) New Yoho Share for each such Yoho Option held, in lieu of acquiring one (1) Yoho Share. Furthermore, provided the Yoho Option Plan is re-approved by Yoho Shareholders at the Meeting, including in respect of certain recent amendments thereto described in further detail under "*Particular Matters to be Acted Upon - Approval of the Yoho Option Plan*", the Yoho Option Plan will provide the Yoho Board with the discretion, without further approval of the Yoho Shareholders, to amend the exercise prices of outstanding Yoho Options in certain events. Under the Yoho Option Plan, as amended, the Yoho Board will be able to exercise this discretion in the event Yoho completes a distribution of cash (including a cash dividend or a return of capital but excluding dividends paid in the ordinary course), securities or other property or assets of Yoho, to the Yoho Shareholders. As the Arrangement will effectively result in the distribution of Storm Shares to Yoho Shareholders, the Yoho Board intends (subject to Yoho Shareholders re-approving the Yoho Option Plan, as

amended) to reduce the exercise price of the Yoho Options outstanding subsequent to the Effective Time by an amount equal to the fair market value of the Storm Shares as at the Effective Time. The Yoho Board would exercise its discretion in this fashion in order to ensure that the holders of Yoho Options are neither favoured nor penalized by the impact of the distribution of Storm Shares to Yoho Shareholders contemplated by the Arrangement.

### **Treatment of Fractional Storm Shares and Fractional New Yoho Shares**

No certificates representing fractional Storm Shares or New Yoho Shares will be issued. In the event that a Yoho Shareholder would otherwise be entitled to a fraction of a Storm Share under the Arrangement, the number of Storm Shares deliverable to such Yoho Shareholder shall, without any additional compensation, be rounded down to the next lesser whole number of Storm Shares. In the event that a Yoho Shareholder would otherwise be entitled to a fractional New Yoho Share under the Arrangement, the number of New Yoho Shares deliverable to such Yoho Shareholder shall be rounded up to the next greater whole number of New Yoho Shares in cases where the fraction is equal to 0.5 or greater, and shall be rounded down to the next lesser whole number of New Yoho Shares in cases where the fraction is less than 0.5. In calculating such fractional interests, all Yoho Shares registered in the name of or beneficially held by such Yoho Shareholder or their nominee shall be aggregated.

### **Recommendations of the Yoho Board in respect of the Arrangement**

In light of the factors described above under "*Background to and Benefits of the Arrangement*", the factors described below and various other factors considered relevant by the Yoho Board, the Yoho Board (other than a director who is also a director of Storm and accordingly has abstained from voting) has unanimously approved the Arrangement and concluded that the Arrangement is in the best interests of Yoho and the Yoho Shareholders. Mr. John Brussa is a director of each of Yoho and Storm. As such, Mr. Brussa recused himself from all board meetings and discussions of each of Yoho and Storm in respect of the Transaction and further has recused himself from all board meetings and discussions with respect to the Arrangement and has abstained from voting in respect of all such transactions in respect of both Yoho and Storm, as applicable. **The members of the Yoho Board other than Mr. Brussa (who has abstained) unanimously recommend that Yoho Shareholders vote their Yoho Shares in favour of the Arrangement.**

In its review of the proposed terms of the Arrangement, the Yoho Board also considered a number of elements of the transaction that provide protection to the Yoho Shareholders, including the following:

- the Arrangement must be approved by at least two-thirds of the votes cast at the Meeting by Yoho Shareholders present in person or represented by proxy at the Meeting. See "*Procedure for the Arrangement to Become Effective – Approvals – Yoho Shareholder Approval*";
- the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Yoho Shareholders. See "*Procedure for the Arrangement to Become Effective – Approvals – Court Approval*"; and
- the Yoho Shareholders will be granted the right to dissent with respect to the Arrangement and be paid the fair value of their Yoho Shares. See "*Right of Dissent*".

The foregoing summary of the information and factors considered by the members of the Yoho Board (other than the abstaining director) is not intended to be exhaustive of the factors considered by such members of the Yoho Board reaching their conclusions and making their recommendation, but includes the material information, factors and analysis considered in reaching such conclusions and recommendations. The members of the Yoho Board (other than the abstaining director) evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Yoho, and based upon the advice of financial and legal advisors. In view of the numerous factors considered in connection with their evaluation of the Arrangement, such members of the Yoho Board did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusions and recommendation. In addition, individual members of the Yoho Board (other than the abstaining director) may have given different weight to different factors. The conclusions and

unanimous recommendation of the members of the Yoho Board (other than the abstaining director) were made after considering all of the information and factors involved.

**Notwithstanding the recommendation of the members of the Yoho Board (other than the abstaining director) that Yoho Shareholders vote in favour of the Arrangement Resolution, Yoho Shareholders should make their own decision whether to vote their Yoho Shares in favour of the Arrangement Resolution and, if appropriate, should consult their own legal and/or financial advisors in making that decision.**

## **THE ARRANGEMENT AGREEMENT**

The Arrangement Agreement provide for the implementation of the Plan of Arrangement. The following is a summary only of certain provisions of the Arrangement Agreement and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix "A" to this Information Circular.

### **Conditions to the Arrangement**

The respective obligations of Yoho and the Partnership to complete the transactions contemplated by the Arrangement Agreement are subject to a number of conditions that must be satisfied or waived in order for the Arrangement to become effective. These conditions are described in the Arrangement Agreement and include the following:

#### ***Mutual Conditions***

The Arrangement Agreement provides for certain specific mutual conditions in favour of each of Yoho and Storm, which include, among others:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Yoho and the Partnership, acting reasonably, not later than the Outside Date and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;
- (b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Yoho Shareholders at the Meeting in accordance with the Interim Order and any applicable regulatory requirements;
- (c) the Final Order shall have been granted in form and substance satisfactory to Yoho and the Partnership acting reasonably, not later than the Outside Date;
- (d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to Yoho and the Partnership acting reasonably, shall have been accepted for filing by the Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;
- (e) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;

- (f) all necessary material third party and regulatory consents, approvals and authorizations with respect to the transactions contemplated hereby shall have been completed or obtained, including, if required, the conditional approval of the TSXV; and
- (g) each of the covenants, acts and undertakings of each of Yoho and the Partnership to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall be duly performed or complied with.

The foregoing conditions are for the mutual benefit of the Parties and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived, then a Party may terminate the Arrangement Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of the Arrangement Agreement.

### **Termination of Arrangement Agreement**

The Arrangement Agreement may be terminated at any time in each of the following circumstances: (i) mutual agreement of the Parties; (ii) the Arrangement not having become effective on or before the Outside Date; and (iii) if one of the conditions precedent set forth in the Arrangement Agreement is not satisfied and shall be deemed to be terminated upon termination of the Arrangement Agreement in accordance with its terms.

## **PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE**

### **Procedural Steps**

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Yoho Shareholders in the manner set forth in the Interim Order;
2. the Court must grant the Final Order;
3. all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and
4. the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

### **Approvals**

#### ***Yoho Shareholder Approval***

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by two-thirds (2/3) of the votes cast by Yoho Shareholders present in person or by proxy at the Meeting.

See "*General Proxy Matters*". In the event that the requisite approval of the Yoho Shareholders is not received, the Arrangement will not proceed.

#### ***Court Approval***

On February 12, 2014, Yoho obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Appendix "B" to this Information Circular.

Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, Yoho will make application to the Court for the Final Order at the Calgary Court Centre, 601 - 5th Street, S.W.,

Calgary, Alberta on March 20, 2014 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Application for the Final Order accompanies this Information Circular. Any Yoho Shareholder or any other interested party desiring to appear at the hearing is required to file with the Court and serve upon Yoho, on or before noon (Calgary time) on March 18, 2014, a notice of its intention to appear, including an address for service in the Province of Alberta, together with any evidence or materials which are to be presented to the Court. Service on Yoho is to be effected by delivery to the counsel for Yoho c/o Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue S.W. Calgary, Alberta T2P 1G1, telecopy: (403) 260-0332, Attention: Jeff E. Sharpe. **Yoho Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

Yoho has been advised by its counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the Yoho Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Yoho or Storm may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it, acting reasonably.

The Court will be advised that if the fairness of the terms and conditions of the Arrangement are approved by the Court and the Final Order is granted, the exchange by Yoho Shareholders of Yoho Shares for Storm Shares and New Yoho Shares pursuant to the Arrangement will not require registration under the U.S. Securities Act pursuant to the exemption from registration provided by Section 3(a)(10) thereof.

### ***Regulatory Approvals***

The Arrangement Agreement provide that receipt of all regulatory approvals, including, without limitation, conditional approval of the Arrangement from the TSXV is a condition precedent to the Arrangement becoming effective.

### **Securities Law Matters**

#### ***Canada***

The exchange by Yoho Shareholders of Yoho Shares for Storm Shares and New Yoho Shares under the Arrangement will be made in reliance on an exemption from prospectus requirements of Canadian securities laws and the Storm Shares and New Yoho Shares received in the exchange will generally not be subject to any resale restrictions or hold period under Canadian securities laws if the following conditions are met: (i) Storm or Yoho, as applicable, is and has been a reporting issuer in a jurisdiction of Canada for the four months immediately preceding the trade of such Storm Shares or Yoho Shares, as applicable; (ii) the trade is not a "control distribution" (as defined in Canadian securities laws); (iii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade; (iv) no extraordinary commission or consideration is paid to a person in respect of the trade; and (v) if the selling holder of Storm Shares or Yoho Shares, as applicable, is an insider or an officer of Storm or Yoho, as applicable, the selling securityholder has no reasonable grounds to believe that Storm or Yoho, as applicable, is in default of securities legislation.

#### ***United States***

The Storm Shares and New Yoho Shares received by Yoho Shareholders under the Arrangement in exchange for Yoho Shares have not been and will not be registered under the U.S. Securities Act. Such securities will be exchanged in reliance upon the exemption from registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and the securities laws of each state of the United States in which any Yoho Shareholder resides. Section 3(a)(10) exempts the offer and sale of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by any court of competent jurisdiction and authorized to grant the approval, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and

receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. The Court granted the Interim Order on February 12, 2014 and, subject to the approval of the Arrangement by Yoho Shareholders, a hearing on the Arrangement will be held on March 20, 2014 by the Court, at which all Yoho Shareholders are entitled to appear and be heard. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement are approved by the Court, the Final Order will constitute the basis for the exemption under Section 3(a)(10) of the U.S. Securities Act, and the Storm Shares and New Yoho Shares received by Yoho Shareholders in exchange for Yoho Shares pursuant to the Arrangement will not require registration under the U.S. Securities Act. See "*Procedure for the Arrangement to Become Effective – Court Approval*" above.

The Storm Shares and New Yoho Shares received by Yoho Shareholders in exchange for Yoho Shares pursuant to the Arrangement will be freely transferable under U.S. federal securities laws, except that the U.S. Securities Act imposes restrictions on the resale of those securities by persons who are "affiliates" of Storm or Yoho, as applicable, after the Arrangement or within 90 days prior to completion of the Arrangement. As defined in Rule 144 under the U.S. Securities Act, persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise. Generally this includes executive officers and directors of the issuer (as applicable) as well as principal shareholders of the issuer (as applicable).

Any resale of such Storm Shares by such an affiliate (or, if applicable, former affiliate) of Storm and/or Yoho may be subject to the registration requirement of the U.S. Securities Act, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Storm Shares or New Yoho Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act. If available, such affiliates (and former affiliates) may also resell such Storm Shares pursuant to Rule 144 under the U.S. Securities Act. However, unless certain conditions are satisfied, Rule 144 is not available for resale of securities of issuers that have ever had (i) no or nominal operations and (ii) no or nominal assets other than cash and cash equivalents. If Storm or Yoho were ever to be deemed to be, or to have ever previously been, such an issuer in its past, Rule 144 under the U.S. Securities Act would be unavailable for resale of Storm Shares or New Yoho Shares unless and until Storm or Yoho, as the case may be, has satisfied the applicable conditions. In general terms, the satisfaction of such conditions would require Storm or Yoho, as the case may be, to have been a registrant under the U.S. Exchange Act for at least 12 months, to be in compliance with its reporting obligations thereunder, and to have filed certain information with the SEC at least 12 months prior to the intended resale.

In general, under Regulation S, persons who are affiliates of Storm or Yoho solely by virtue of their status as an officer or director of Storm or Yoho may sell Storm Shares or New Yoho Shares, as the case may be, outside the United States in an "offshore transaction" (which would include a sale through the TSXV, if applicable) if neither the seller nor any person acting on its behalf engages in "directed selling efforts" in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker's commission. For purposes of Regulation S, "directed selling efforts" means "any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered" in the sale transaction. Certain additional restrictions apply to a holder of Storm Shares or New Yoho Shares, as the case may be, who is an affiliate of Storm or Yoho, as the case may be, after the Arrangement other than by virtue of his or her status as an officer or director of Storm, or Yoho, as the case may be.

The foregoing discussion is only a general overview of certain requirements of United States federal securities laws applicable to the resale of Storm Shares received upon completion of the Arrangement. **All holders of such securities are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

### **Timing**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon the filing with the Registrar of a copy of the Final Order and the Articles of Arrangement. If the Meeting is held and the Arrangement Resolution is

approved by Yoho Shareholders as required by the Interim Order, Yoho will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on March 20, 2014, in form and substance satisfactory to Yoho and Storm, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Yoho and Storm expect the Effective Date to be March 20, 2014. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order.

### **Stock Exchange Listings**

The outstanding Yoho Shares are listed and posted for trading on the TSXV and the outstanding Storm Shares are listed and posted for trading on the TSXV. On January 22, 2014, the last trading day prior to the announcement of the Transaction and the proposed Arrangement, the closing price of the Yoho Shares on the TSXV was \$3.14 and the closing price of the Storm Shares on the TSXV was \$4.23.

Storm has previously received the approval from the TSXV to have the Storm Shares issued to the Partnership pursuant to the Transaction listed on the TSXV.

After the Effective Date, the New Yoho Shares will trade on the on the TSXV under the same symbol as the Yoho Shares currently trade under, "YO". It is currently anticipated that the Yoho Shares will be delisted prior to market open on the trading day after the Effective Date and that the New Yoho Shares will begin trading at the market open on the trading day after the Effective Date.

In connection with the Arrangement, Yoho has covenanted and agreed with the TSXV that in the event the Arrangement is not completed on or prior to the date that is 60 days from January 31, 2014, that unless Yoho owns and controls less than 10% of the issued and outstanding Storm Shares on a non-diluted basis at the expiry of such 60 day period, Yoho will place into escrow with a trust company, law firm or other third party, such number of Storm Shares owned and controlled by Yoho that exceeds 10% of the issued and outstanding Storm Shares (on a non-diluted basis) measured as at the date that is 60 days from January 31, 2014, which Storm Shares may be released from escrow upon the necessary personal information forms being filed and cleared by the TSXV, unless otherwise agreed to in writing by the TSXV.

### **Procedure for Exchange of Share Certificates**

**A copy of the Letter of Transmittal is enclosed with this Information Circular.** To receive certificates representing the Storm Shares and New Yoho Shares issuable pursuant to the Arrangement, the enclosed Letter of Transmittal must be validly completed, duly executed and returned with the certificate(s) representing Yoho Shares and any other documentation as provided in the Letter of Transmittal, to the office of the Depository specified in the Letter of Transmittal. In the event that the Arrangement is not completed, such certificates will be promptly returned. Upon surrender to the Depository of a validly completed and duly executed Letter of Transmittal, the certificate(s) representing Yoho Shares and any other documentation as provided in the Letter of Transmittal, the Depository shall (subject to any withholdings, if applicable) deliver to such holder a certificate(s) representing the Storm Shares and New Yoho Shares to which the holder of such Yoho certificate is entitled pursuant to the Arrangement (together with any dividends or distributions with respect thereto pursuant to the Plan of Arrangement).

**Yoho Shareholders whose Yoho Shares are registered in the name of a broker, dealer, bank, trust company or other nominee must contact their nominee to deposit their Yoho Shares.**

Yoho Shareholders are encouraged to deliver a validly completed and duly executed Letter of Transmittal together with the relevant share certificate(s) to the Depository as soon as possible.

None of Yoho, Storm or the Depository are liable for failure to notify Yoho Shareholders, nor do they have any obligation to notify Yoho Shareholders, who make a deficient deposit with the Depository.

Yoho reserves the right to permit the procedure for the exchange of shares pursuant to the Arrangement to be completed other than that as set out above.

**From and after the Effective Time, certificates formerly representing Yoho Shares shall represent only the right to receive Storm Shares and New Yoho Shares to which the holders are entitled pursuant to the Arrangement.**

The use of mail to transmit certificates representing Yoho Shares and the Letter of Transmittal is at each Yoho Shareholder's option and risk. Yoho recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefor be obtained or, if mailed, by registered mail with return receipt being used and that appropriate insurance be obtained.

If a share certificate has been lost or destroyed, the Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depositary. The Depositary will forward such letter to Yoho so that Yoho may provide replacement instructions. The replacement certificate must be received by the Depositary prior to issuing the Storm Shares and New Yoho Shares.

In the event that the Arrangement does not proceed, all certificates representing Yoho Shares transmitted with a related Letter of Transmittal will be returned to Yoho Shareholders at the name and address specified in the Letter of Transmittal by first class mail or, if no name or address is specified, at such name and such address as is shown on the register maintained by Yoho.

Notwithstanding the provisions of the Information Circular, the Letter of Transmittal, the Arrangement Agreement or Plan of Arrangement, certificates representing Storm Shares and New Yoho Shares to be returned will not be mailed if Yoho determines that delivery thereof by mail may be delayed. Persons entitled to certificates and other relevant documents which are not mailed for the foregoing reason may take delivery thereof at the office of the Depositary at which the deposited certificates representing Yoho Shares in respect of which certificates are being issued were originally deposited upon application to the Depositary until such time as Yoho has determined that delivery by mail will no longer be delayed. Notwithstanding the foregoing, certificates and other relevant documents not mailed for the foregoing reason will be conclusively deemed to have been delivered on the first day upon which they are available for delivery at the office of the Depositary at which the Yoho Shares were deposited and the exchange of those Yoho Shares shall be deemed to have been immediately made upon such deposit.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Except as set forth below, to the knowledge of the directors and executive officers of Yoho, there are no material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of Yoho at any time since the beginning of Yoho's last financial year, or of any associate or affiliate of any of the foregoing, in respect of any matter to be acted upon at the Meeting.

As at the date hereof, the directors and officers of Yoho, and their associates and affiliates, as a group own or control, directly or indirectly, 8,116,622 Yoho Shares or 16.0% of the issued and outstanding Yoho Shares and 3,180,000 Yoho Options or 75.9% of the issued and outstanding Yoho Options. Pursuant to the terms of the Yoho Option Plan, upon completion of the Arrangement, holders of the outstanding Yoho Options shall be entitled to acquire one (1) New Yoho Share for each such Yoho Option held, in lieu of acquiring one (1) Yoho Share. Furthermore, provided the Yoho Option Plan is re-approved by Yoho Shareholders at the Meeting, including in respect of certain recent amendments thereto described in further detail under "*Particular Matters to be Acted Upon - Approval of the Yoho Option Plan*", the Yoho Option Plan will provide the Yoho Board with the discretion, without further approval of the Yoho Shareholders, to amend the exercise prices of outstanding Yoho Options in certain events. Under the Yoho Option Plan, as amended, the Yoho Board will be able to exercise this discretion in the event Yoho completes a distribution of cash (including a cash dividend or a return of capital but excluding dividends paid in the ordinary course), securities or other property or assets of Yoho, to the Yoho Shareholders. As the Arrangement will effectively result in the distribution of Storm Shares to Yoho Shareholders, the Yoho Board intends (subject to Yoho Shareholders re-approving the Yoho Option Plan, as amended) to reduce the exercise price of the Yoho Options outstanding subsequent to the Effective Time by an amount equal to the fair market value of the Storm Shares as at the Effective Time. The Yoho Board would exercise its discretion in this fashion in order to ensure that the holders of Yoho Options are neither favoured nor penalized by the impact of the distribution of Storm Shares to Yoho Shareholders contemplated by the Arrangement. See "*The Arrangement - Effect of the Arrangement on Yoho Options*".



Mr. John Brussa is a director of each of Yoho and Storm. As such, Mr. Brussa recused himself from all board meetings and discussions of each of Yoho and Storm in respect of the Transaction and further has recused himself from all board meetings and discussions with respect to the Arrangement and has abstained from voting in respect of all such transactions in respect of both Yoho and Storm, as applicable.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as described elsewhere in this Information Circular or the Appendices attached hereto, there were no material interests, direct or indirect, of any "informed person" (as defined in NI 51-102) of Yoho or any associate or affiliate of any informed person, in any transaction since the commencement of Yoho's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect Yoho.

### CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Burnet, Duckworth & Palmer LLP, Canadian tax counsel to Yoho the following summary fairly describes the principal Canadian federal income tax considerations relating to the Arrangement generally applicable to Yoho Shareholders who, for purposes of the Tax Act, (i) hold their Yoho Shares, and will hold their New Yoho Shares and Storm Shares as capital property, (ii) deal at arm's length with Yoho and (iii) are not affiliated with Yoho.

Yoho Shares will generally be considered to be capital property to a holder thereof, unless such securities are held in the course of carrying on a business or were acquired in a transaction considered to be an adventure in the nature of trade. Certain shareholders who are resident in Canada who might not otherwise be considered to hold their Yoho Shares as capital property may be entitled to have them treated as capital property by making the election provided by subsection 39(4) of the Tax Act. Any person contemplating making a subsection 39(4) election should first consult their tax adviser for advice as the making of such election will affect the income tax treatment of the person's disposition of other Canadian securities.

This summary is not applicable to a Yoho Shareholder who (i) is a "financial institution" for the purposes of the mark-to-market rule contained in the Tax Act, (ii) is a "specified financial institution" as defined in the Tax Act, (iii) is a shareholder an interest in which is a "tax shelter investment" as defined in the Tax Act, (iv) has acquired Yoho Shares upon the exercise of an employee stock option; (v) is a taxpayer whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (vi) that has entered into, or will enter into, a "derivative forward agreement" or a "synthetic disposition arrangement" (as defined in the Tax Act) with respect to the Yoho Shares, New Yoho Shares or Storm Shares.

This summary is based upon the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), and counsel's understanding of the current administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act and Regulations (the "**Proposed Amendments**") announced by the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. If the Proposed Amendments are not enacted as presently proposed, the tax consequences may not be as described below in all cases. This summary does not take into account or anticipate any other changes in law or administrative or assessing practice, whether by legislative, regulatory, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below.

**This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any Yoho Shareholder. Accordingly, Yoho Shareholders should consult their own tax advisers for advice as to the income tax consequences to them of the Arrangement in their particular circumstances.**

#### Yoho Shareholders Resident in Canada

The following portion of this summary is applicable to a Yoho Shareholder who, at all material times, is or is deemed to be resident in Canada for the purposes of the Tax Act.

### ***Exchange of Yoho Shares for New Yoho Shares and Storm Shares***

Yoho has informed counsel that the amount expected to be the fair market value of all Storm Shares when they are distributed is substantially lower than the amount that will be the "paid-up capital", as defined in the Tax Act, of all Yoho Shares immediately before the exchange of Yoho Shares. Accordingly, Yoho is not expected to be deemed to have paid a dividend as a result of the exchange of Yoho Shares. In the event that the fair market value of all Storm Shares at the time of their exchange were to exceed the paid-up capital of all Yoho Shares immediately before that time, Yoho would be deemed to have paid a dividend on the Yoho Shares equal to the amount of the excess, and each holder of Yoho Shares would be deemed to have received a pro rata portion of the dividend, based on the proportion of Yoho Shares held.

Assuming that the fair market value of all Storm Shares at the time of exchange does not exceed the paid-up capital of all Yoho Shares immediately before that time, a Yoho Shareholder whose Yoho Shares are exchanged for New Yoho Shares and Storm Shares will be considered to have disposed of the Yoho Shares for proceeds of disposition equal to the greater of the adjusted cost base to the shareholder of the Yoho Shares immediately before the exchange and the fair market value of the Storm Shares at the time of their exchange. Consequently, the Yoho Shareholder will recognize a capital gain to the extent that the fair market value of the Storm Shares received exceeds the adjusted cost base of the shareholder's Yoho Shares. In the event that the fair market value of all Storm Shares at the time of exchange were to exceed the paid-up capital of all Yoho Shares immediately before the exchange, the proceeds of disposition of the shareholder's Yoho Shares would be reduced by the amount of the deemed dividend referred to in the previous paragraph that the shareholder is deemed to have received. See "*Taxation of Capital Gains and Losses*" below for a general description of the treatment of capital gains and losses under the Tax Act.

The cost to a Yoho Shareholder of the New Yoho Shares acquired on the exchange will be equal to the amount, if any, by which the adjusted cost base of the shareholder's Yoho Shares immediately before the exchange exceeds the fair market value, at the time of their exchange, of the Storm Shares received by the shareholder. The cost to a Yoho Shareholder of the Storm Shares acquired on the exchange will be equal to the fair market value of the Storm Shares at the time of their exchange.

### ***Dissenting Shareholders***

A Yoho Shareholder who, as a result of exercising Dissent Rights in respect of the Arrangement, receives a cash payment from Yoho in consideration for the holder's Yoho Shares will be deemed to receive a taxable dividend equal to the amount by which the amount received (excluding interest) for the Yoho Shares exceeds the paid-up capital of the dissenting Yoho Shareholder's Yoho Shares. In the case of a dissenting Yoho Shareholder that is a corporation, in some circumstances, the amount of such deemed dividend may be treated as proceeds of disposition and not a dividend. See "*Taxation of Dividends*" below for a general description of the treatment of dividends under the Tax Act. The dissenting Yoho Shareholder will also be deemed to have received proceeds of disposition for the Yoho Shares equal to the amount (excluding interest) received by the dissenting Yoho Shareholder from Yoho less the amount of the deemed dividend referred to above. Consequently the dissenting Yoho Shareholder will recognize a capital gain (or capital loss) to the extent that such proceeds of disposition exceed (or are exceeded by) the adjusted cost base of such dissenting Yoho Shareholder's Yoho Shares. See "*Taxation of Capital Gains or Capital Losses*" below for a general description of the treatment of capital gains and losses under the Tax Act.

Interest paid or payable to a dissenting Yoho Shareholder will be included in the dissenting Shareholder's income.

### ***Taxation of Dividends***

In the case of a Yoho Shareholder who is an individual, dividends received or deemed to be received on shares of Yoho or Storm will be included in computing the individual's income and will be subject to gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Yoho or Storm, as the case may be, as an "eligible dividend" in accordance with the Tax Act.

In the case of a shareholder that is a corporation, dividends received or deemed to be received on shares of Yoho or Storm will be included in computing the corporation's income and will generally be deductible in computing its taxable income. A "private corporation" (as defined in the Tax Act) or any other corporation controlled or deemed to be controlled by or for the benefit of an individual (other than a trust) or a related group of individuals (other than trusts) may be liable under Part IV of the Tax Act to pay a refundable tax of 33 1/3% on dividends received or deemed to be received on Shares of Yoho or Storm Shares to the extent that such dividends are deductible in computing the corporation's taxable income.

### ***Disposition of New Yoho or Storm Shares***

The disposition or deemed disposition of New Yoho Shares or Storm Shares by a holder will generally result in a capital gain (or capital loss) equal to the amount by which the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted costs base to the holder of those shares immediately before the disposition. See "*Taxation of Capital Gains and Losses*" below for a general description of the tax treatment of capital gains and losses under the Tax Act.

### ***Taxation of Capital Gains and Losses***

One-half of any capital gain (a "**taxable capital gain**") realized by a shareholder in a taxation year will be included in the shareholder's income for the year. One-half of any capital loss (an "**allowable capital loss**") realized by the shareholder in a year may be deducted against taxable capital gains realized in the year. Any excess of allowable capital losses over taxable capital gains in a taxation year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, to the extent and in the circumstances specified in the Tax Act.

A shareholder that is throughout the relevant taxation year a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6 2/3% on its "aggregate investment income" for the year, which will include taxable capital gains.

The amount of any capital loss arising on the disposition or deemed disposition of any shares by a shareholder that is a corporation may be reduced by the amount of certain dividends received or deemed to have been received by it on such shares to the extent and under circumstances prescribed by the Tax Act. Similar rules may apply where the corporation is a member of a partnership or a beneficiary of a trust that owns such shares or where a trust or partnership of which the corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any such shares.

### ***Minimum Tax on Individuals***

The Tax Act provides for a minimum tax applicable to individuals (including certain trusts and estates) resident in Canada, which is computed by reference to an adjusted taxable income amount. Eighty percent of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in adjusted taxable income. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years; however this carry-forward amount will only be creditable in a particular year to the extent that the individual's tax payable for the year, calculated without reference to the minimum tax provisions, exceeds the tax payable under the minimum tax provisions for the year.

### ***Yoho Shareholders Not Resident in Canada***

The following portion of this summary is applicable to a Yoho Shareholder who (i) has not been, is not, and will not be resident or deemed to be resident in Canada, and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Yoho Shares, Storm Shares or New Yoho Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer carrying on business in Canada and elsewhere.

### ***Exchange of Yoho Shares for New Yoho Shares and Storm Shares***

The discussion above, applicable to Yoho Shareholders resident in Canada under the headings "*Exchange of Yoho Shares for New Yoho Shares and Storm Shares*" also applies to a Non-Resident Holder. The tax treatment of a capital gain or a capital loss realized by a Non-Resident Holder is described generally below under the heading "*Taxation of Capital Gains and Losses*".

### ***Dissenting Non-Resident Yoho Shareholders***

The discussions above applicable to Canadian resident Yoho Shareholders under the heading "*Dissenting Shareholders*", also applies to a dissenting Non-Resident Holder of Yoho Shares. The tax treatment of a capital gain or capital loss and a deemed dividend realized by a Non-Resident Holder of Yoho Shares as a consequence of exercising dissent rights to the Arrangement are described generally below under the headings "*Taxation of Capital Gains and Losses*" and "*Taxation of Dividends*".

### ***Taxation of Capital Gains and Capital Losses***

A Non-Resident Holder will not be subject to a tax under the Tax Act in respect of any capital gain arising on a disposition or deemed disposition of shares, unless, at the time of disposition, such shares constitute "taxable Canadian property" of the Non-Resident Holder within the meaning of the Tax Act and the Non-Resident Holder is not entitled to relief under an applicable income tax convention. Generally, the Yoho Shares, Storm Shares and New Yoho Shares, will not constitute taxable Canadian property of a Non-Resident Holder provided that.

1. the shares are listed on a designated stock exchange (which currently includes the TSX and TSXV);
2. at no time during the 60 month period immediately preceding the disposition of the shares were 25% or more of the issued shares of any class or series of the capital stock of Yoho or Storm as the case may be, owned by the Non-Resident Holder, by persons with whom the Non-Resident Holder did not deal at arm's length, or by the Non-Resident Holder, together with such persons; and
3. the shares are not otherwise deemed to be taxable Canadian property.

A disposition or deemed disposition of shares by a Non-Resident Holder whose shares are taxable Canadian property and who is not entitled to an exemption under an applicable income tax convention, will give rise to a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition, less the reasonable costs of disposition, exceed (or are less than) the adjusted cost of such shares to the Non-Resident Holder at the time of actual or deemed disposition. Generally, one-half of any capital gain realized will be required to be included in income as a taxable capital gain and will be taxed at applicable Canadian tax rates. One-half of any capital loss will be deductible, subject to certain limitations, against certain taxable capital gains in the year of disposition or the three preceding years or any subsequent year in accordance with the detailed provisions of the Tax Act. Non-Resident Holders to whom these rules may be relevant should consult their own tax advisers in this regard.

### ***Taxation of Dividends***

Dividends paid or credited or deemed under the Tax Act to be paid or credited to a Non-Resident Holder on Yoho or Storm shares will be subject to Canadian withholding tax at a rate of 25%. This rate may be reduced in the case of a Non-Resident Holder that is entitled to the protection of an applicable income tax convention. Individuals resident in the United States who are entitled to use the provision of the Canada – U.S. Income Tax Convention would be subject to 15% Canadian withholding tax on such dividends.

## **NON-CANADIAN INCOME TAX CONSIDERATIONS**

This Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement on Yoho Shareholders who are subject to income tax outside of Canada. Such holders should consult

their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions.

### ELIGIBILITY FOR INVESTMENT

In the opinion of Burnet, Duckworth & Palmer LLP, provided that the Storm Shares and New Yoho Shares are listed on a "designated stock exchange" within the meaning of the Tax Act (which includes the TSXV) and subject to the provisions of any particular plan, the Storm Shares and New Yoho Shares will be qualified investments under the Tax Act in effect on the date hereof for a trust governed by a registered retirement savings plan ("RRSP"), a registered education savings plan, a registered retirement income fund ("RRIF"), a deferred profit sharing plan, a registered disability savings plan and a tax free savings account (a "TFSA"). Notwithstanding that the Storm Shares and New Yoho Shares may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or annuitant under an RRSP or RRIF will be subject to a penalty tax on the Storm Shares or the New Yoho Shares, as the case may be, held in the TFSA, RRSP or RRIF if such shares are a "prohibited investment" for the purposes of the Tax Act. The Storm Shares and the New Yoho Shares will generally be a "prohibited investment" if the holder or annuitant, as the case may be: (a) does not deal at arm's length with Storm or Yoho, as the case may be; or (b) has a "significant interest" (as defined in the Tax Act) in Storm or Yoho, as the case may be. Generally, a holder will not have a significant interest in Storm or Yoho unless the holder and/or persons not dealing at arm's length with the holder, owns directly or indirectly ten percent (10%) or more of the issued shares of any class of the capital stock of Storm. Such holders are urged to consult their own tax advisors.

### RIGHT OF DISSENT

**The following description of the right to dissent and appraisal to which registered Yoho Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's Yoho Shares and is qualified in its entirety by the reference to the full text of the Interim Order, Plan of Arrangement and the text of Section 191 of the ABCA, which are attached to this Information Circular as Appendix "B", Exhibit "A" to the Arrangement Agreement included in Appendix "A", and Appendix "D", respectively. A Dissenting Shareholder who intends to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the ABCA, as modified by the Plan of Arrangement and by the Interim Order. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each Dissenting Shareholder who might desire to exercise the Dissent Right should consult their own legal advisor.**

A Court hearing the application for the Final Order has the discretion to alter the right of dissent described herein based on the evidence presented at such hearing.

Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Shareholders are entitled, in addition to any other right such Dissenting Shareholder may have, to dissent and to be paid by Yoho the fair value of the Yoho Shares held by such Dissenting Shareholder in respect of which such Dissenting Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is adopted. **A Dissenting Shareholder may dissent only with respect to all of the Yoho Shares held by such Dissenting Shareholder or on behalf of any one beneficial owner and registered in the Dissenting Shareholder's name. Only registered Yoho Shareholders may dissent. Persons who are beneficial owners of Yoho Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent, should be aware that they may only do so through the registered owner of such Yoho Shares. A registered Yoho Shareholder, such as a broker, who holds Yoho Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise the Dissent Right on behalf of such beneficial owners with respect to all of the Yoho Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of Yoho Shares covered by it.**

Dissenting Shareholders must provide a written objection to the Arrangement Resolution to Yoho c/o Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue S.W. Calgary, Alberta T2P 1G1, Attention: Jeff E. Sharpe, by 4:30 p.m. (Calgary time) on March 18, 2014. **No Yoho Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

Yoho or a Dissenting Shareholder may apply to the Court, by way of an originating notice, after the approval of the Arrangement Resolution, to fix the fair value of the Dissenting Shareholder's Yoho Shares. If such an application is made to the Court by either Yoho or a Dissenting Shareholder, Yoho must, unless the Court orders otherwise, send to each Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the Yoho Board to be the fair value of the Yoho Shares held by such Dissenting Shareholders. The offer, unless the Court orders otherwise, must be sent to each Dissenting Shareholder at least ten days before the date on which the application is returnable, if Yoho is the applicant, or within ten days after Yoho is served a copy of the originating notice, if a Dissenting Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Shareholder of Yoho Shares and contain or be accompanied with a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with Yoho for the purchase of such holder's Yoho Shares in the amount of the offer made by Yoho, or otherwise, at any time before the Court pronounces an order fixing the fair value of the Yoho Shares.

A Dissenting Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Yoho Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against Yoho and in favour of each of those Dissenting Shareholders, and fixing the time within which Yoho must pay the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Yoho Shareholder, until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between Yoho and the Dissenting Shareholder as to the payment to be made by Yoho to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a Yoho Shareholder other than the right to be paid the fair value of such holder's Yoho Shares in the amount or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw the Dissenting Shareholder's dissent, or if the Arrangement has not yet become effective, Yoho may rescind the Arrangement Resolution, and in either event, the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

Yoho shall not make a payment to a Dissenting Shareholder under Section 191 of the ABCA if there are reasonable grounds for believing that Yoho is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of Yoho would thereby be less than the aggregate of its liabilities. In such event, Yoho shall notify each Dissenting Shareholder that it is unable lawfully to pay a Dissenting Shareholder for their Yoho Shares, in which case the Dissenting Shareholder may, by written notice to Yoho within 30 days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement as a Yoho Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against Yoho to be paid as soon as Yoho is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of Yoho but in priority to its shareholders.

All Yoho Shares held by Dissenting Shareholders who exercise their Dissent Rights will, if the holders do not otherwise withdraw such holder's written objection, be deemed to be transferred to Yoho under the Arrangement, and cancelled in exchange for the fair value thereof or will, if such Dissenting Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Yoho Shares, as the case may be.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by a Dissenting Shareholders who seek payment of the fair value of their Yoho Shares. Section 191 of the ABCA, other than as amended by the Arrangement and the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, Dissenting Shareholders who might desire to exercise the right to dissent and appraisal should carefully consider and comply with the provisions of the Interim Order and Section 191 of the ABCA, the full text of which are set out in Appendix "B" and Appendix "D", respectively, to this Information Circular and consult their own legal advisor.**

## INTEREST OF EXPERTS

Other than as set forth elsewhere herein (including the Appendices hereto and the documents incorporated by reference therein) and below, there is no person or company who is named as having prepared or certified a report, valuation, statement or opinion described, included or incorporated by reference herein and whose profession or business gives authority to the report, valuation, statement or opinion made by the person or company, other than Burnet, Duckworth & Palmer LLP. Certain legal matters in connection with the Arrangement have been passed upon on behalf of Yoho by Burnet, Duckworth & Palmer LLP. As at the date hereof, the partners and associates at Burnet, Duckworth & Palmer LLP, as a group, beneficially owned, directly or indirectly, less than one percent (1%) of the outstanding Yoho Shares and less than one percent (1%) of the outstanding Storm Shares.

Reserve estimates of Yoho set forth elsewhere herein (including the Appendices hereto and the documents incorporated by reference therein) are based upon the GLJ Report. As at the date hereof, the directors, officers and employees of GLJ, as a group, own, directly or indirectly, less than 1% of the outstanding Yoho Shares.

Reserve estimates of Storm set forth elsewhere herein (including the Appendices hereto and the documents incorporated by reference therein) are based upon a report prepared by InSite Petroleum Consultants Ltd. dated February 15, 2013 and effective December 31, 2012. As at the date hereof, the directors, officers and employees of InSite Petroleum Consultants Ltd., as a group, own, directly or indirectly, less than 1% of the outstanding Yoho Shares and less than 1% of the issued and outstanding Storm Shares.

KPMG LLP, Chartered Accountants, are the auditors of Yoho. KPMG LLP has confirmed that it is independent of Yoho in accordance with the auditor's rules of professional conduct of the Institute of Chartered Accountants of Alberta.

Ernst & Young LLP, Chartered Accountants, are the auditors of Storm. Ernst & Young LLP has confirmed that it is independent of Storm in accordance with the auditor's rules of professional conduct of the Institute of Chartered Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies is, or is expected to be elected, appointed or employed as a director, officer or employee of Yoho or of any associate or affiliate of Yoho, except that John Brussa and Bruce Allford, each directors of Yoho, are partners of Burnet, Duckworth & Palmer LLP, which law firm renders legal services to Yoho. John Brussa is also a director of Storm.

## RISK FACTORS

**There are risks associated with the completion and non-completion of the Arrangement, including those described below, elsewhere in this Information Circular (including in Appendix "F" - *Information Concerning Storm Resources Ltd.*) and in the other documents filed by Yoho and Storm with the securities commissions and similar regulatory authorities in the provinces of Canada. Yoho Shareholders should carefully consider such risks in evaluating whether to approve the Arrangement Resolution.**

### ***Failure to Satisfy Conditions of the Arrangement***

A number of the conditions to the completion of the Arrangement are outside the control of Yoho, including receipt of the Final Order and the listing of the New Yoho Shares on the TSXV. There can be no certainty, nor can Yoho provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. In addition, if the Arrangement is not completed or approved, there can be no certainty, nor can Yoho provide any assurance, that the Storm Shares will be distributed to the Yoho Shareholders. The Arrangement may not be completed, and if completed, the benefits of the Arrangement to Yoho Shareholders expected by Yoho, as described in this Information Circular, may not be realized. Yoho Shareholders should also carefully consider the risk factors related to Yoho and Storm in this Information Circular and in the appendices hereto (including the documents incorporated by reference therein).

In connection with the Arrangement, Yoho has covenanted and agreed with the TSXV that in the event the Arrangement is not completed on or prior to the date that is 60 days from January 31, 2014, that unless Yoho owns and controls less than 10% of the issued and outstanding Storm Shares on a non-diluted basis at the expiry of such 60 day period, Yoho will place into escrow with a trust company, law firm or other third party, such number of Storm Shares owned and controlled by Yoho that exceeds 10% of the issued and outstanding Storm Shares (on a non-diluted basis) measured as at the date that is 60 days from January 31, 2014, which Storm Share may be released from escrow upon the necessary personal information forms being filed and cleared by the TSXV, unless otherwise agreed to in writing by the TSXV.

### ***Risks Relating to the Arrangement***

The Arrangement Agreement may be terminated by Yoho or the Partnership, in its sole discretion. Moreover, a substantial delay in obtaining satisfactory approvals could adversely affect the business, financial condition or results of operations of Yoho or result in the Arrangement not being completed. In addition, future financial conditions, superior alternatives or other factors may arise that make it inadvisable to proceed with part or all of the Arrangement. Any or all of the elements of the Arrangement may not occur as currently expected or within the time frames that are currently contemplated, or at all.

### ***Market Value of Storm Shares***

The market price for shares of oil and natural gas issuers such as Storm has been volatile in recent months. To the extent that the Partnership continues to hold Storm Shares following the closing of the Arrangement, Yoho (and indirectly the Yoho Shareholders) will be subject to any continuing market volatility, which could result in the Partnership selling the Storm Shares for less than the closing price of the Storm Shares on the TSXV on the Effective Date. If the Partnership and/or Yoho sell the Storm Shares that it does not distribute to the Yoho Shareholders at a loss, it may adversely affect Yoho and/or the Partnership's ability to discharge its liabilities, result in an adverse tax consequence to Yoho and/or the Partnership, which in turn could have a material adverse effect on the market price of the Yoho Shares.

### ***Volatility in the Market Price of the Storm Shares and Risks Affecting Storm***

As long as the Partnership or a Yoho Shareholder retains any Storm Shares acquired pursuant to the Arrangement, such investment will be subject to the risks affecting the business, financial condition, results of operations, prospects and market value of Storm. In addition, any volatility in the market price of the Storm Shares may affect the ability of holders to sell the Storm Shares at an advantageous price. Market price fluctuations in the Storm Shares may be due to Storm's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, changes in commodity prices, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Storm or its competitors, along with a variety of additional factors. In addition, the market price for securities on stock markets, including the TSXV, is subject to significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Storm Shares.

## **GENERAL PROXY MATTERS**

### **Solicitation of Proxies**

**This Information Circular is provided in connection with the solicitation of proxies by the management of Yoho for use at the Meeting for the purposes set forth in the accompanying Notice of Meeting.** In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of Yoho who will not be specifically remunerated therefor. The costs of such solicitation will be borne by Yoho. Yoho has not made a decision to engage proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of matters to be considered at the Meeting, but it may do so and, if it does, the costs in respect of such services would be borne by Yoho.



The Meeting is being called pursuant to the Interim Order to seek the requisite approval of Yoho Shareholders to the Arrangement in accordance with Section 193 of the ABCA.

### **Appointment and Revocation of Proxies**

**The persons named in the enclosed forms of proxy are directors and/or officers of Yoho. A Yoho Shareholder has the right to appoint a person (who need not be a Yoho Shareholder) other than the persons designated in the form of proxy provided by Yoho to represent the Yoho Shareholder at the Meeting. To exercise this right, the Yoho Shareholder should strike out the name of the management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy.**

In order to be effective, a proxy must be forwarded so as to reach, or be deposited with, Valiant Trust Company, Suite 310, 606 – 4<sup>th</sup> Street S.W., Calgary, Alberta T2P 1T1 (facsimile number (403) 233-2857), Attention: Proxy Department, no later than 9:00 a.m. (Calgary time) on the second to last business day prior to the Meeting or any adjournment thereof. The proxy shall be in writing and executed by the Yoho Shareholder, or such Yoho Shareholder's attorney authorized in writing, or if such Yoho Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of Valiant Trust Company. Registered Yoho Shareholders may also use the internet site at [www.valianttrust.com](http://www.valianttrust.com) to transmit their voting instructions. Registered Yoho Shareholders should have the accompanying form of proxy in hand when they access the web site and will be prompted to enter their Control Number, which is located on the form of proxy. The website may be used to appoint a proxy holder to attend and vote on a shareholder's behalf at the Meeting and to convey a shareholder's voting instructions.

In addition to revocation in any other manner permitted by law, a Yoho Shareholder may revoke a proxy by instrument in writing executed by the Yoho Shareholder or such shareholder's attorney authorized in writing, or, if the Yoho Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the registered office of Yoho at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The registered office of Yoho is as set forth elsewhere in Appendix "E" to this Information Circular. Please note that if a Yoho Shareholder appoints a proxy holder and submits their voting instructions via the internet in accordance with the above and subsequently wishes to change their appointment, such shareholder may resubmit their proxy and/or voting direction via the internet prior to the deadline noted above. When resubmitting a proxy via the internet, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

### **Proxy Voting**

All Yoho Shares represented at the Meeting by properly completed and executed proxies in favour of the Arrangement will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the proxy, Yoho Shares represented by the proxy will be voted in accordance with such instructions. **In the absence of any such instruction, the management designees named in the accompanying form of proxy will vote in favour of all the matters set out therein. If any other business or amendments or variations to matters identified in the Notice of Meeting properly come before the Meeting, then discretionary authority is conferred upon the persons appointed in the proxy to vote in the manner they see fit.**

### **Quorum**

Pursuant to the Interim Order and the by-laws of Yoho, a quorum at the Meeting shall be at least two or more persons present holding or representing by proxy not less than five percent (5%) of the Yoho Shares entitled to vote at the Meeting. If a quorum is not present at the Meeting within 30 minutes after the time fixed for the holding of the Meeting, it shall be adjourned to such place and time as may be determined by the Chairman of the Meeting. No notice of the adjourned Meeting is required and if at such adjourned Meeting a quorum is not present, the Yoho Shareholders present in person or by proxy shall be a quorum for all purposes.

### **Voting Shares and Principal Holders Thereof**

As of the date hereof, Yoho has 50,733,687 Yoho Shares issued and outstanding, which are the only outstanding voting shares. Each Yoho Share entitles the holder thereof to one vote per share at the Meeting. To the knowledge of the directors and executive officers of Yoho, as at the date hereof, no person or company beneficially owned, directly or indirectly, or exercised control and direction over, 10% or more of the issued and outstanding Yoho Shares.

### **Record Date**

The record date for the Meeting has been fixed at the close of business on January 31, 2014 (the "**Record Date**"). Only Yoho Shareholders of record as at the Record Date are entitled to receive notice of the Meeting. Yoho Shareholders of record will be entitled to vote the Yoho Shares held by them as at the Record Date, unless any such Yoho Shareholder transfers shares after the Record Date and the transferee of those shares, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, demands, at least 10 days before the Meeting, that the transferee's name be included in the list of Yoho Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

### **Advice to Beneficial Holders of Yoho Shares**

The information set forth in this section is of significant importance to many Yoho Shareholders, as a substantial number of Yoho Shareholders do not hold shares in their own names. Yoho Shareholders who do not hold Yoho Shares in their own names ("**Beneficial Shareholders**") should note that only proxies deposited by Yoho Shareholders whose names appear on the records of Yoho as the registered holders of Yoho Shares can be recognized and acted upon at the Meeting. If Yoho Shares are listed in an account statement provided to a Yoho Shareholder by a broker, then in almost all cases those securities will not be registered in the Yoho Shareholder's name on the records of Yoho. Such Yoho Shares will more likely be registered under the name of the Yoho Shareholder's broker or an agent of that broker. In Canada, the majority of such securities are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Yoho Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting securities for the broker's clients. The directors and officers of Yoho do not know for whose benefit the Yoho Shares registered in the name of CDS & Co. or of other brokers/agents are held. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Yoho Shares are communicated to the appropriate person.**

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their securities are voted at the applicable meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is similar to the form of proxy provided to registered shareholders by Yoho; however, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form instead of the form of proxy. The Beneficial Shareholder is asked to complete the voting instruction form and return it to Broadridge by mail or facsimile. Alternatively the Beneficial Shareholder may call a toll-free number to vote the shares held by the Beneficial Shareholder or vote online. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of securities to be represented at the applicable meeting. **A Beneficial Shareholder receiving a voting instruction form cannot use that voting instruction form to vote Yoho Shares directly at the Meeting as the voting instruction form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Yoho Shares voted.**

This Information Circular and accompanying materials are being sent to both registered Yoho Shareholders and Beneficial Shareholders. The Corporation does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities laws for delivery to either registered or Beneficial

Shareholders. The Corporation will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders. If you are a Beneficial Shareholder, your nominee should send you a voting instruction form or proxy form along with this Information Circular. The Corporation has elected to pay for the delivery of our proxy-related materials to objecting Beneficial Shareholders.

Although a Beneficial Shareholder may not be recognized directly at the applicable meeting for the purposes of voting securities registered in the name of his broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Yoho Shareholder and vote the Yoho Shares in that capacity. Beneficial Shareholders who wish to attend at the Meeting and indirectly vote their Yoho Shares as proxyholders for the registered Yoho Shareholder should enter their own names in the blank spaces on the instrument of proxy or other voting instruction form provided to them and return the same to their brokers (or the brokers' agents) in accordance with the instructions provided by such brokers (or agents) well in advance of the Meeting.

### **Other Matters**

Management of Yoho knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, the accompanying form of proxy will be voted on such matter in accordance with the best judgement of the person(s) voting the proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to Yoho is available under Yoho's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information in respect of Yoho is provided in the Corporation's comparative financial statements and related management's discussion and analysis for its most recently completed financial year, copies of which are available upon request from Yoho at 500, 521 - 3<sup>rd</sup> Avenue S.W., Calgary, Alberta T2P 3T3, Attention: Vice-President, Finance and Chief Financial Officer.

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**APPENDIX A**

**ARRANGEMENT AGREEMENT AND PLAN OF ARRANGEMENT**

## ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** is dated as of the 31st day of January, 2014.

### AMONG:

**YOHO RESOURCES INC.**, a corporation incorporated under the laws of the Province of Alberta ("**Yoho**")

-and -

**YOHO RESOURCES PARTNERSHIP**, a general partnership formed pursuant to the laws of the Province of Alberta (the "**Yoho Partnership**")

### WHEREAS:

- (a) Yoho and the Yoho Partnership have agreed to proceed with a proposed transaction by way of Plan of Arrangement (as hereinafter defined) whereby, among other things, a series of transactions will take place with the result that the shareholders of Yoho will receive Storm Shares (as hereinafter defined);
- (b) Yoho proposes to have the holders of its common shares consider the Arrangement on the terms set forth in the Plan of Arrangement; and
- (c) the parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for the other matters relating to such arrangement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto hereby covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, the following terms have the following meanings:

- (a) "**ABCA**" means the Business Corporations Act, R.S.A. 2000, c. B-9;
- (b) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**", and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (c) "**Arrangement**" means the proposed arrangement under the provisions of section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement as supplemented, modified or amended;
- (d) "**Arrangement Resolution**" means the special resolution in respect to the Arrangement and other related matters to be considered at the Yoho Meeting;
- (e) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (f) "**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;
- (g) "**Court**" means the Court of Queen's Bench of Alberta;

- (h) **"Effective Date"** means the date the Arrangement becomes effective pursuant to the ABCA;
- (i) **"Effective Time"** means the time the Arrangement becomes effective on the Effective Date pursuant to the ABCA;
- (j) **"Final Order"** means the final order of the Court approving this Arrangement pursuant to paragraph 193(9)(a) of the ABCA in respect of Yoho, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (k) **"Information Circular"** means the information circular and proxy statement to be sent by Yoho to the Yoho Shareholders in respect of the Yoho Meeting;
- (l) **"Interim Order"** means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Yoho Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (m) **"New Common Shares"** means the common shares in the capital of Yoho to be created and issued pursuant to the Arrangement and having the terms and conditions set forth in the Plan of Arrangement (including the schedules, exhibits and appendices thereto);
- (n) **"Outside Date"** has the meaning ascribed thereto in Section 4.1(a);
- (o) **"Plan"** or **"Plan of Arrangement"** means the plan of arrangement attached hereto as Schedule "A", as amended or supplemented from time to time in accordance with the terms thereof;
- (p) **"Registrar"** means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;
- (q) **"Storm"** means Storm Resources Ltd., a corporation organized under the laws of Alberta;
- (r) **"Storm Shares"** means the common shares in the capital of Storm;
- (s) **"Yoho Board"** means the Board of Directors of Yoho;
- (t) **"Yoho Meeting"** means the annual and special meeting of Yoho Shareholders to be held to consider, among other things, the Arrangement Resolution and related matters, and any adjournments thereof; and
- (u) **"Yoho Shareholders"** means the holders of common shares of Yoho.

## 1.2 Currency

All sums of money, which are referred to in this Agreement, are expressed in lawful money of Canada unless otherwise specified.

## 1.3 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections and schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## 1.4 Article References

Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and schedules are to articles, sections and schedules of this Agreement.

## **1.5 Extended Meanings**

Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, bodies corporate, trusts, unincorporated organizations, governments, regulatory authorities, and other entities.

## **1.6 Entire Agreement**

This Agreement, together with Schedule "A" attached hereto, constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof.

## **1.7 Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable in Alberta and shall be treated in all respects as an Alberta contract.

## **1.8 Schedule**

Schedule "A" annexed to this Agreement, being the Plan of Arrangement, is incorporated by reference into this Agreement and forms a part hereof.

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Arrangement**

As soon as reasonably practicable, Yoho and the Yoho Partnership shall apply to the Court pursuant to Section 193 of the ABCA for an order approving the Arrangement and in connection with such application shall:

- (a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under Section 193(4) of the ABCA, providing for, among other things, the calling and holding of the Yoho Meeting for the purpose of considering and, if deemed advisable, approving (among other things) the Arrangement Resolution;
- (b) subject to obtaining all necessary approvals of the Yoho Shareholders as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take steps necessary to submit the Arrangement to the Court and apply for the Final Order;
- (c) structure the Arrangement such that the issuance and distribution of the New Common Shares and Storm Shares and all other securities distributed under the Arrangement qualify for the exemption from registration provided by Section 3(a)(10) of the *U.S. Securities Act of 1933*, as amended;
- (d) the Final Order shall include a declaration of the Court that the terms and conditions of the Arrangement are fair to the Yoho Shareholders and that the Court is aware that such finding of fairness will form the basis of an exemption from the registration requirement of the *U.S. Securities Act of 1933*; and
- (e) subject to fulfillment of the conditions set forth herein, deliver to the Registrar Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order and at the times set out therein without any act or formality.



**ARTICLE 3  
COVENANTS**

**3.1 Covenants of Yoho and the Yoho Partnership**

Each of Yoho and the Yoho Partnership covenant and agree with each other that it will (as applicable):

- (a) take all reasonable action necessary and cooperate with one another to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (b) use all reasonable efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (c) solicit or cause to be solicited proxies to be voted at the Yoho Meeting in favour of the Arrangement Resolution and prepare the Information Circular and proxy solicitation materials and any amendments or supplements thereto as required by, and in compliance with, the Interim Order and applicable corporate and securities laws, and distribute the same to Yoho Shareholders in a timely and expeditious manner;
- (d) convene the Yoho Meeting as ordered by the Interim Order and conduct such Yoho Meeting in accordance with the Interim Order and as otherwise required by law and the by-laws of Yoho;
- (e) use all reasonable efforts to cause each of the conditions precedent set forth in Article 4 which are within its control to be satisfied on or before the Effective Date;
- (f) subject to the approval of the Arrangement Resolution by the Yoho Shareholders, as required by the Interim Order, submit the Arrangement to the Court and apply for the Final Order;
- (g) carry out the terms of the Final Order to the extent applicable to it;
- (h) upon issuance of the Final Order and subject to the conditions precedent in Article 4, proceed to file the Articles of Arrangement, the Final Order and all related documents with the Registrar pursuant to subsection 193(10) of the ABCA;
- (i) until the Effective Date, except as specifically provided for hereunder and in the Arrangement, not alter or amend its constating or governing documents, articles or by-laws as the same exist at the date of this Agreement in a manner which might interfere with or be inconsistent with the transactions contemplated by this Agreement; and
- (j) take all actions and enter into all such agreements as are necessary to complete and give effect to the transactions contemplated by this Agreement and the Arrangement.

**ARTICLE 4  
CONDITIONS PRECEDENT**

**4.1 Mutual Conditions Precedent**

The respective obligations of Yoho and the Yoho Partnership to complete the transactions contemplated by this Agreement shall be subject to the fulfilment or satisfaction of each of the following conditions, any of which may be waived collectively by them without prejudice to their right to rely on any other condition:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Yoho and the Yoho Partnership, acting reasonably, not later than June 30, 2014 or such later date as the parties hereto may agree (the "**Outside Date**") and shall not have been set aside or modified in a manner unacceptable to such parties on appeal or otherwise;

- (b) the Arrangement Resolution shall have been approved by the requisite number of votes cast by the Yoho Shareholders at the Yoho Meeting in accordance with the Interim Order and any applicable regulatory requirements;
- (c) the Final Order shall have been granted in form and substance satisfactory to Yoho and the Yoho Partnership acting reasonably, not later than the Outside Date;
- (d) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to Yoho and the Yoho Partnership acting reasonably, shall have been accepted for filing by the Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;
- (e) no material action or proceeding shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency and there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
  - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
  - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (f) all necessary material third party and regulatory consents, approvals and authorizations with respect to the transactions contemplated hereby shall have been completed or obtained, including, if required, the conditional approval of the TSX Venture Exchange; and
- (g) each of the covenants, acts and undertakings of each of Yoho and the Yoho Partnership to be performed or complied with on or before the Effective Date pursuant to the terms of this Agreement shall be duly performed or complied with.

#### **4.2 Notice and Effect of Failure to Comply with Conditions**

- (a) Each of the parties hereto shall give prompt notice to the others of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder provided, however, that no such notification will affect the conditions to the obligations of the parties hereunder.
- (b) If any of the conditions precedent set forth in Section 4.1 hereof shall not be complied with or waived by the party or parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the party intending to rely thereon has delivered a written notice to the other party, specifying in reasonable detail all breaches of covenants or other matters which the party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and the party in breach shall have failed to cure such breach within three Business Days of receipt of such written notice thereof (except that no cure period shall be provided for a breach which by its nature cannot be cured). More than one such notice may be delivered by a party.

#### **4.3 Satisfaction of Conditions**

The conditions set out in this Article 4 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

**ARTICLE 5  
NOTICES**

**5.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by facsimile or email transmission and in the case of:

(a) Yoho, addressed to:

500, 521 - 3 Avenue SW  
Calgary AB T2P 3T3

Attention: Brian McLachlan  
Facsimile: (403) 537-1775

(b) The Yoho Partnership, addressed to:

c/o Yoho Resources Inc.  
500, 521 - 3 Avenue SW  
Calgary AB T2P 3T3

Attention: Brian McLachlan  
Facsimile: (403) 537-1775

The date or time of receipt of any such notice shall be deemed to be the date of delivery or the time such facsimile or email transmission is received.

**ARTICLE 6  
AMENDMENT AND TERMINATION**

**6.1 Amendments**

This Agreement may, at any time and from time to time before or after the Yoho Meeting, be amended in any respect whatsoever by written agreement of the parties hereto without further notice to or authorization on the part of the Yoho Shareholders; provided that any such amendment that changes the consideration to be received by Yoho Shareholders pursuant to the Arrangement is brought to the attention of the Court before approval of the Final Order and is subject to such requirements as may be ordered by the Court.

**6.2 Termination**

This Agreement shall be terminated in each of the following circumstances:

- (a) the mutual agreement of the parties;
- (b) the Arrangement shall not have become effective on or before the Outside Date; and
- (c) termination of this Agreement under Article 4 hereof.

**ARTICLE 7  
GENERAL**

**7.1 Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors.

**7.2 No Assignment**

No party may assign its rights or obligations under this Agreement.

**7.3 Exclusivity**

None of the covenants of Yoho and the Yoho Partnership contained herein shall prevent the Yoho Board from responding as required by law to any submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement or any unsolicited acquisition proposal generally or make any disclosure to the Yoho Shareholders with respect thereto which in the judgment of the Yoho Board, acting upon the advice of outside counsel, is required under applicable law.

**7.4 Equitable Remedies**

All representations, warranties and covenants herein or to be given hereunder as to enforceability in accordance with the terms of any covenant, agreement or document shall be qualified as to applicable bankruptcy and other laws affecting the enforcement of creditors' rights generally and to the effect that specific performance, being an equitable remedy, may only be ordered at the discretion of the Court.

**7.5 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

**7.6 Further Assurances**

Each party hereto shall, from time to time and at all times hereafter, at the request of another party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

**7.7 Time of Essence**

Time shall be of the essence.

**7.8 Counterparts**

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been executed and delivered by the parties hereto effective as of the date first above written.

**YOHO RESOURCES INC.**

Per: (signed) "Wendy Woolsey"  
Wendy Woolsey  
Vice-President, Finance and Chief Financial  
Officer

**YOHO RESOURCES by its managing partner  
YOHO RESOURCES INC.**

Per: (signed) "Wendy Woolsey"  
Wendy Woolsey  
Vice-President, Finance and Chief Financial  
Officer

**SCHEDULE "A"**

**PLAN OF ARRANGEMENT UNDER SECTION 193**

**OF THE**

***BUSINESS CORPORATIONS ACT (ALBERTA)***

**ARTICLE 1**

**INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9;
- (b) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**", and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (c) "**Arrangement Agreement**" means the arrangement agreement dated January 31, 2014 between the Corporation and Yoho Partnership and all amendments thereto and amendments and restatements thereof;
- (d) "**Arrangement Resolution**" means the special resolution in respect to the Arrangement and other related matters to be considered at the Yoho Meeting;
- (e) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (f) "**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in the City of Calgary, Alberta are not generally open for business;
- (g) "**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;
- (h) "**Common Shares**" means the common shares in the capital of Yoho, as presently constituted;
- (i) "**Corporation**" or "**Yoho**" means Yoho Resources Inc., a corporation organized under the laws of the Province of Alberta;
- (j) "**Court**" means the Court of Queen's Bench of Alberta;
- (k) "**Depositary**" means Valiant Trust Company, or such other trust corporation registered to carry on business in the Province of Alberta at its principal office in Calgary, Alberta;
- (l) "**Dissent Rights**" means the dissent rights described in Article 4 of this Plan of Arrangement;
- (m) "**Dissenting Shareholders**" means any registered Yoho Shareholder who has validly exercised its Dissent Rights in respect of the holder's Common Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights as at the Effective Time;
- (n) "**Effective Date**" means the date the Arrangement becomes effective pursuant to the ABCA;
- (o) "**Effective Time**" means the time the Arrangement becomes effective on the Effective Date pursuant to the ABCA;

- (p) "**Final Order**" means the final order of the Court approving this Arrangement pursuant to paragraph 193(9)(a) of the ABCA in respect of Yoho, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (q) "**Governmental Authority**" means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign, (b) any subdivision, agency, agent or authority of any of the foregoing or (c) any quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (r) "**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Yoho Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (s) "**Letter of Transmittal**" means the letter of transmittal to be sent to registered Yoho Shareholders which, when duly completed and returned with the certificate or certificates for Common Shares and any other required documents, will enable registered Yoho Shareholders to surrender such certificates for certificates (or other evidence of ownership) representing Storm Shares and New Common Shares;
- (t) "**New Common Shares**" means the common shares in the capital of the Corporation to be created and issued pursuant to the Arrangement and having the terms and conditions set forth in Exhibit "A" attached hereto;
- (u) "**Person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;
- (v) "**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;
- (w) "**Storm**" means Storm Resources Ltd., a corporation organized under the laws of Alberta;
- (x) "**Storm Share Amount**" means the quotient obtained by dividing the number of Storm Shares owned by the Partnership immediately prior to the Effective Time by the number of Common Shares issued and outstanding (on a non-diluted basis) immediately prior to the Effective Time;
- (y) "**Storm Shares**" means the common shares in the capital of Storm;
- (z) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.);
- (aa) "**Yoho Meeting**" means the annual and special meeting of Yoho Shareholders to be held to consider, among other things, the Arrangement Resolution and related matters, and any adjournments thereof;
- (bb) "**Yoho Partnership**" means Yoho Resources Partnership, a general partnership formed under the laws of the Province of Alberta; and
- (cc) "**Yoho Shareholder**" means a holder of Common Shares or New Common Shares, as applicable.



- 1.2 The division of this Arrangement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections and paragraphs are to articles, sections, subsections and paragraphs of this Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 Unless otherwise specified, all references to "dollars" or "\$" shall mean Canadian dollars.
- 1.6 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.7 References in this Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2  
ARRANGEMENT AGREEMENT**

- 2.1 This Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.
- 2.2 This Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (a) Yoho Shareholders; (b) Yoho Partnership; and (c) the Corporation.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

**ARTICLE 3  
ARRANGEMENT**

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:
  - (a) the Common Shares held by Dissenting Shareholders shall, as of the Effective Time, be, and shall be deemed to have been, transferred to the Corporation (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and shall be cancelled and cease to be outstanding and, as of the Effective Time, such Dissenting Shareholders shall cease to have any rights as Yoho Shareholders, other than the right to be paid the fair value of their Common Shares in accordance with the Dissent Rights;
  - (b) Yoho Partnership shall transfer to the Corporation all of its legal and beneficial right, title and interest in all of the Storm Shares held by it by way of a distribution of capital of the Corporation's equity interest in the Partnership;

- (c) the capital account of the Corporation's equity interest in the Partnership shall be reduced by an amount equal to the fair market value of the Storm Shares transferred to the Corporation pursuant to subsection 3.1(b) above;
- (d) the Articles of Incorporation of the Corporation shall be amended to authorize the Corporation to issue an unlimited number of New Common Shares as an additional class of shares of the Corporation's share capital;
- (e) each issued and outstanding Common Share (other than any such shares in respect of which the holder has exercised the Dissent Rights) shall be exchanged for: (i) one (1) New Common Share; and (ii) such number of Storm Shares (or a fraction of a Storm Share) equal to the Storm Share Amount. Each Yoho Shareholder shall cease to be the holder of the Common Shares so exchanged and shall become the holder of the number of New Common Shares issued to such Yoho Shareholder. The name of such Yoho Shareholder shall be removed from the register of holders of the Common Shares with respect to the Common Shares so exchanged and shall be added to the register of holders of New Common Shares as the holder of the number of New Common Shares so issued to such Yoho Shareholder;
- (f) the stated capital of the New Common Shares issued pursuant to subsection 3.1(e) above shall be equal to the stated capital of the Common Shares exchanged for New Common Shares pursuant to subsection 3.1(e) less the fair market value of the Storm Shares distributed to the Yoho Shareholders pursuant to subsection 3.1(e);
- (g) the Common Shares exchanged for New Common Shares pursuant to subsection 3.1(e) above shall be cancelled;
- (h) the Articles of the Corporation shall be amended by cancelling the Common Shares from the share capital which the Corporation is authorized to issue and to rename the New Common Shares as "Common Shares";
- (i) all transfers of securities that occur pursuant to this Section 3.1 shall be made free and clear of any and all liens, claims and encumbrances attaching to such securities.

3.2 Yoho shall be entitled to deduct and withhold from any consideration deliverable pursuant to this Plan of Arrangement such amounts as Yoho is required to deduct and withhold under the Tax Act, the United States Internal Revenue Code of 1986, or any provision of provincial, state, local or foreign tax law, in each case as amended. Yoho is hereby authorized to sell or otherwise dispose of, at such times and at such prices as Yoho determines, in its sole discretion, such portion of the Storm Shares and/or New Common Shares otherwise deliverable to such holder as is necessary to provide sufficient funds to Yoho to enable Yoho to comply with such deduction or withholding requirement, and shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale or disposition (after deducting applicable sale commissions and any other reasonable expenses relating thereto) in lieu of the Storm Shares and/or New Common Shares so sold or disposed of. To the extent such Storm Shares and/or New Common Shares are so sold or disposed of, such Storm Shares and/or New Common Shares so sold or disposed of, shall be treated for all purposes as having been delivered to the holder of the property in respect of which such sale or disposition was made, provided that the net proceeds of such sale or disposition, as the case may be, are actually remitted to the appropriate taxing authority. Yoho shall not be obligated to seek or obtain a minimum price for any consideration sold or disposed of by it hereunder, nor shall Yoho be liable for any loss arising out of any such sale or disposition.

#### **ARTICLE 4 DISSENTING SHAREHOLDERS**

4.1 Registered Yoho Shareholders may exercise Dissent Rights with respect to the Common Shares held by such holders in connection with the Arrangement pursuant to the procedure set forth in section 191 of the

ABCA, as may be modified by the Interim Order, provided that registered Yoho Shareholders who exercise such Dissent Rights and who:

- (a) are ultimately entitled to be paid by the Corporation the fair value for their Common Shares shall be deemed to have transferred such holders' Common Shares to the Corporation at the Effective Time, notwithstanding the provisions of Section 191 of the ABCA; or
- (b) are ultimately not entitled, for any reason, to be paid by the Corporation the fair value for their Common Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as non-dissenting holders of Common Shares and shall be entitled to receive New Common Shares and Storm Shares that such Yoho Shareholders would have received pursuant to the Arrangement if such Yoho Shareholders had not exercised Dissent Rights,

but provided further that in no case shall the Corporation or any other person be required to recognize Yoho Shareholders who exercise Dissent Rights as Yoho Shareholders after the Effective Time, and the names of such holders of Common Shares shall be deleted from the register of holders of Common Shares as at the Effective Time. The fair value of the Common Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Yoho Shareholders at the Yoho Meeting. In addition to any other restrictions in section 191 of the ABCA, Yoho Shareholders who vote in favour of the Arrangement shall not be entitled to exercise Dissent Rights.

- 4.2 The aggregate stated capital of all Common Shares held Dissenting Shareholders shall be deducted from the stated capital account maintained by the Corporation for the Common Shares. The amount of any deemed dividend resulting from the application of subsection 84(3) of the Tax Act to the repurchase of the Common Shares held by Dissenting Shareholders is hereby designated by the Corporation as an Eligible Dividend (as such term is defined in section 89(1) of the Tax Act) and all payments made to a Dissenting Shareholder pursuant to this Article 4 shall be subject to, and paid net of, all applicable withholding taxes.
- 4.3 Notwithstanding subsection 191(5) of the ABCA, the written notice setting forth such registered Yoho Shareholder's objection to the Arrangement Resolution must be received in accordance with the Interim Order by no later than 4:30 p.m. (Calgary time) on the Business Day which is two Business Days immediately preceding the date of the Yoho Meeting (as it may be adjourned or postponed from time to time).

## **ARTICLE 5 OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES**

- 5.1 The Corporation shall, as soon as practicable following the latest of: (i) the Effective Date; and (ii) the date of deposit with the Depository by a registered Yoho Shareholder of a duly completed Letter of Transmittal and the certificates representing the Common Shares held by such registered Yoho Shareholder prior to the Effective Time or other documentation as provided in the Letter of Transmittal, cause the Depository either:
  - (a) to forward or cause to be forwarded by first class mail (postage prepaid) to the registered Yoho Shareholder at the address specified in the Letter of Transmittal; or
  - (b) if requested by the registered Yoho Shareholder in the Letter of Transmittal, to make available at an office of the Depository specified in the Letter of Transmittal for pick-up by the registered Yoho Shareholder; or
  - (c) if the Letter of Transmittal neither specifies an address nor contains a request as described in (b), to forward or cause to be forwarded by first class mail (postage prepaid) to such registered Yoho Shareholder at the address of such registered Yoho Shareholder as shown on the central securities register of the Corporation,

certificates (or another document evidencing ownership of the securities to which such holder is entitled to receive hereunder, which document may be a certificate or other document evidencing the electronic registration of such securities) representing: (i) the number of New Common Shares issuable to such registered Yoho Shareholder as determined in accordance with subsection 3.1(e); and (ii) the number of Storm Shares issuable to such registered Yoho Shareholder as determined in accordance with subsection 3.1(e).

- 5.2 Each registered Yoho Shareholder entitled to receive New Common Shares under the Arrangement shall be the registered holder for all purposes as of the Effective Time of the number of New Common Shares to which such Yoho Shareholder is entitled. All dividends paid or other distributions paid on or after the Effective Time on or in respect of any New Common Shares which a Yoho Shareholder is entitled to receive pursuant to the Arrangement, but for which a certificate (or other evidence of ownership) is not yet delivered to such Yoho Shareholder in accordance with Section 5.1, shall be paid or made to such Yoho Shareholder, as soon as reasonably practicable, after such certificate (or other evidence of ownership) is delivered to such Yoho Shareholder in accordance with Section 5.1. All dividends paid or other distributions paid on or after the Effective Time on or in respect of any Storm Shares which a Yoho Shareholder is entitled to receive pursuant to the Arrangement, but for which a certificate (or other evidence of ownership) is not yet delivered to such Yoho Shareholder in accordance with Section 5.1, shall be paid or delivered to the Depository to be held by the Depository in trust for the registered holder thereof. All monies received by the Depository may be invested by it in interest-bearing trust accounts upon such terms as the Depository may reasonably deem appropriate. The Depository shall pay and deliver to any such Yoho Shareholder such dividends and distributions and any interest thereon, as soon as reasonably practicable, when such certificate (or other evidence of ownership) is delivered to such Yoho Shareholder in accordance with Section 5.1.
- 5.3 Subject to Section 4.1, after the Effective Time, any certificate formerly representing Common Shares shall represent only the right to receive New Common Shares and Storm Shares in accordance with this Plan of Arrangement and any dividend or other distributions to which the registered Yoho Shareholder is entitled under Section 5.3.
- 5.4 No certificates representing fractional Storm Shares or New Common Shares will be issued. In the event that a Yoho Shareholder would otherwise be entitled to a fractional Storm Share hereunder, the number of Storm Shares deliverable to such Yoho Shareholder shall, without any additional compensation or consideration, be rounded down to the next lesser whole number of Storm Shares. In the event that a Yoho Shareholder would otherwise be entitled to a fractional New Common Share hereunder, the number of New Common Shares deliverable to such Yoho Shareholder shall be rounded up to the next greater whole number of New Common Shares in cases where the fraction is equal to 0.5 or greater, and shall be rounded down to the next lesser whole number of New Common Shares in cases where the fraction is less than 0.5. In calculating such fractional interests, all Common Shares registered in the name of or beneficially held by such Yoho Shareholder or their nominee shall be aggregated.

## **ARTICLE 6 AMENDMENTS**

- 6.1 Yoho and Yoho Partnership may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (a) set out in writing; (b) approved by the other party; (c) filed with the Court and, if made following the Yoho Meeting, approved by the Court; and (d) communicated to holders of Common Shares, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Yoho and Yoho Partnership at any time prior to or at the Yoho Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Yoho Meeting (other than as may be required under the Interim Order), shall become part of this Arrangement for all purposes.

- 6.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Yoho Meeting shall be effective only if it is consented to by each of the Corporation and Yoho Partnership.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by the Corporation and Yoho Partnership, provided that it concerns a matter which, in the reasonable opinion of the Corporation and Yoho Partnership, is of an administrative nature required to better give effect to the implementation of this Arrangement and is not adverse to the financial or economic interests of the Corporation, Yoho Partnership or any Yoho Shareholder.

## EXHIBIT "A"

The Corporation is authorized to issue an unlimited number of Common Shares:

### I. COMMON SHARES

- 1.1 **Dividends:** The holders of Common Shares shall be entitled to receive dividends, if, as and when declared by the board of directors of the Corporation out of the assets of the Corporation properly applicable to the payment of dividends, in such amounts and payable at such times and at such place or places in Canada as the board of directors may, from time to time, determine, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends.
- 1.2 **Participation Upon Liquidation, Dissolution or Winding Up:** The holders of Common Shares shall be entitled, in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the holders of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital on dissolution, in such assets of the Corporation as are available for distribution.
- 1.3 **Voting Rights:** The holders of the Common Shares shall be entitled to receive notice of and to attend all annual and special meetings of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Common Shares as such) and to one vote in respect of each Common Share held at all such meetings.

**APPENDIX B**  
**INTERIM ORDER**

COURT FILE NUMBER 1401-01345  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT **YOHO RESOURCES INC.**  
RESPONDENTS Not Applicable  
DOCUMENT **INTERIM ORDER**

Clerk's Stamp:

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Burnet, Duckworth & Palmer LLP  
2400, 525 – 8 Avenue SW  
Calgary, Alberta T2P 3N9  
Lawyer: Jeff Sharpe  
Phone Number: (403) 260-0176  
Fax Number: (403) 260-0332  
Email Address: jes@bdplaw.com  
File No. 60602-39/JES

Date on Which Order Was Pronounced: February 12, 2014

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Name of Judge Who Made This Order: Justice K. M. Eidsvik

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**ORDER**

**UPON** the Originating Application (the "**Application**") of Yoho Resources Inc. ("**Yoho**");

**AND UPON** reading the Affidavit of Wendy Woolsey, Vice-President, Finance and Chief Financial Officer of Yoho sworn February 11, 2014 and the documents referred to therein (the "**Affidavit**");

**AND UPON** noting that the Executive Director of the Alberta Securities Commission (the "**Executive Director**") has been served with notice of this application as required by subsection 193(8) of the *Business Corporations Act*, R.S.A. 2000, c. B-9 (the "**ABCA**") and that the Executive Director neither consents to nor opposes this application;

**AND UPON** hearing counsel for Yoho;



**FOR THE PURPOSES OF THIS ORDER:**

- (a) the capitalized terms not defined in this Order shall have the meanings attributed to them in the Information Circular and Proxy Statement of Yoho (the "**Information Circular**"), a draft copy of which is attached as Exhibit "A" to the Affidavit; and
- (b) all references to "Arrangement" used herein mean the plan of arrangement as described in the Affidavit and in the form attached as Exhibit "A" to the Arrangement Agreement, which is attached as Appendix "A" to the Information Circular.

**IT IS HEREBY ORDERED AND ADJUDGED THAT:****General**

1. The proposed course of action is an "Arrangement" within the definition of the *ABCA* and Yoho may proceed with the Arrangement, as described in the Affidavit.
2. Yoho shall seek approval of the Arrangement by the holders (the "**Yoho Shareholders**") of common shares (the "**Yoho Shares**") of Yoho and in the manner set forth below.

**The Meeting**

3. Yoho shall call and conduct an annual and special meeting (the "**Meeting**") of Yoho Shareholders on or about March 20, 2014. At the Meeting, Yoho Shareholders will consider and vote upon, among other things, the Arrangement Resolution and such other business as may properly be brought before the Meeting or any adjournment thereof, all as more particularly described in the Information Circular.
4. A quorum shall be present at the Meeting if two (2) persons holding or representing not less than 5% of the outstanding Yoho Shares entitled to vote at the Meeting are present either in person or by duly appointed proxy. If within 30 minutes from the time appointed for the Meeting a quorum is not present, the Meeting shall be adjourned to such Business Day that is not less than seven (7) days following the day appointed for the Meeting, and to such time and place as may be appointed by the Chairman of the

Meeting. No notice of the adjourned Meeting shall be required and, if at such adjourned meeting a quorum is not present, the Yoho Shareholders present in person or by proxy shall be a quorum for all purposes.

5. Each Yoho Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting. The Board of Directors of Yoho has fixed a record date for the Meeting of January 31, 2014 (the "**Record Date**"). Only Yoho Shareholders whose names have been entered in the register of Yoho Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Holders of Yoho Shares who acquire Yoho Shares after the Record Date will not be entitled to vote such Yoho Shares at the Meeting unless, after the Record Date, a holder of record transfers his or her Yoho Shares and the transferee, upon producing properly endorsed certificates evidencing such Yoho Shares or otherwise establishing that he or she owns such Yoho Shares, requests at least 10 days before the Meeting that the transferee's name be included in the list of Yoho Shareholders entitled to vote, in which case such transferee shall be entitled to vote such shares at the Meeting.
6. Yoho is authorized and directed to send the Information Circular to the Yoho Shareholders.

### **Conduct of the Meeting**

7. The Chairman of the Meeting shall be any officer or director of Yoho.
8. The only persons entitled to attend and speak at the Meeting shall be Yoho Shareholders or their authorized representatives, Yoho's directors and officers and its auditors, the Executive Director and such other persons who may be permitted to attend by the Chairman of the Meeting.
9. The number of votes required to pass the Arrangement Resolution shall be not less than 66 2/3% of the aggregate votes cast by the Yoho Shareholders, either in person or by proxy at the Meeting.

10. To be valid, a proxy must be deposited with Valiant Trust Company in the manner described in the Information Circular.
11. The accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

### **Dissent Rights**

12. The registered holders of Yoho Shares are, subject to the provisions of this Order and the Arrangement, accorded the right of dissent under Section 191 of the *ABCA* with respect to the Arrangement Resolution.
13. In order to exercise such right of dissent under subsection 191(5) of the *ABCA*:
  - (a) a written objection to the Arrangement Resolution must be received by Yoho c/o its counsel Burnet, Duckworth & Palmer LLP, 2400, 525 – 8th Avenue, S.W., Calgary, Alberta, Canada T2P 1G1, Attention: Jeff Sharpe, by 4:30 p.m. (Calgary time) on the second to last business day immediately preceding the date of the Meeting;
  - (b) a dissenting Yoho Shareholder shall not have voted his or her Yoho Shares at the Meeting either by proxy or in person, in favour of the Arrangement Resolution;
  - (c) a holder of Yoho Shares may not exercise the right of dissent in respect of only a portion of the holder's Yoho Shares but may dissent only with respect to all of the Yoho Shares held by the holder; and
  - (d) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the *ABCA*, as modified by the Arrangement.
14. The fair value of the Yoho Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Yoho Shareholders. Payment of such fair value shall be made to the dissenting Yoho Shareholders by Yoho.
15. Subject to further order of this Court, the rights available to the Yoho Shareholders under the *ABCA* and the Arrangement to dissent from the Arrangement Resolution shall

constitute full and sufficient right of dissent for the Yoho Shareholders with respect to the Arrangement Resolution.

16. Notice to the Yoho Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the *ABCA* and the Arrangement, the fair value of their Yoho Shares shall be given by including information with respect to this right in the Information Circular to be sent to Yoho Shareholders in accordance with paragraph 17 of this Order.

### **Notice**

17. An Information Circular, substantially in the form attached as Exhibit "A" to the Affidavit with amendments thereto as counsel for Yoho may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), shall be mailed by prepaid ordinary mail, at least 21 days prior to the date of the Meeting to Yoho Shareholders, at the addresses for such holders recorded in the records of Yoho at the close of business on the Record Date and to the directors and auditors of Yoho. In calculating the 21-day period, the date of mailing shall be included and the date of the Meeting shall be excluded.
18. An Information Circular as described above shall be provided to the Executive Director by prepaid ordinary mail or delivery at least 21 days prior to the Meeting, unless the Executive Director specifically requests that the Information Circular not be provided.
19. Delivery of the Information Circular in the manner directed by this Order shall be deemed to be good and sufficient service upon the Yoho Shareholders, the directors and auditors of Yoho and the Executive Director of:
  - (a) the Application;
  - (b) this Order;
  - (c) the Notice of the Meeting; and
  - (d) the Notice of Application.

all in substantially the forms set forth in the Information Circular, together with instruments of proxy and such other material as Yoho may consider fit.

20. Yoho is hereby authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Meeting Materials as it may determine, and Yoho may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances. Without limiting the generality of the foregoing, if any material change or material fact arises between the date hereof and the date of the Meeting, and if such change or fact had been made known prior to mailing of the Information Circular such information would have been included in the Information Circular, then Yoho shall advise the Yoho Shareholders of such material change or material fact by disseminating a news release through a widely-circulated news service (a "**News Release**") and, provided the News Release describes the applicable material change or material fact in reasonable detail, then, other than dissemination of the News Release as aforesaid, Yoho shall not be required to deliver an amendment to the Information Circular to Yoho Shareholders or otherwise give notice to the Yoho Shareholders of the applicable material change or material fact.

### **Final Application**

21. Subject to further Order of this Court, and provided that the Yoho Shareholders have approved the Arrangement in the manner directed by this Court and the directors of Yoho have not revoked that approval, Yoho may proceed with an application for approval of the Arrangement and the Final Order on March 20, 2014 at 2:00 p.m. (Calgary time) or so soon thereafter as counsel may be heard at the Calgary Courts Centre, Calgary, Alberta. Subject to the Final Order, and to the issuance of the proof of filing of the Articles of Arrangement, all Yoho Shareholders, Yoho, and the Partnership and all other persons will be bound by the Arrangement in accordance with its terms.
22. Any Yoho Shareholder or any other interested party ("**Interested Party**") desiring to appear at the hearing of the application for the Final Order is required to file with this Court and serve upon Yoho on or before noon (Calgary time) on March 18, 2014, a Notice of Intention to Appear including an address for service in the Province of Alberta, indicating whether such Interested Party intends to support or oppose the application or

make submission thereat, together with a summary of the position such Interested Party intends to advocate before the Court and any evidence or materials which are to be presented to the Court. Service of this notice on Yoho shall be effected by service upon the solicitors for Yoho c/o Burnet, Duckworth & Palmer LLP, 2400, 525 – 8<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 1G1, facsimile: (403) 260-0332, Attention: Jeff Sharpe.

23. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the application for the Final Order, and those Interested Parties serving a Notice of Intention to Appear in accordance with paragraph 22 of this Order, shall have notice of the adjourned date.

**Leave to Vary Interim Order**

24. Yoho is entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Court may direct.

*Signed "K. M. Eidsvik"*

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**Justice of the Court of Queen's Bench of  
Alberta**

## APPENDIX C

### ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. the arrangement ("**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Schedule A to the arrangement agreement included in Appendix A to the Information Circular and Proxy Statement (the "**Information Circular**") of Yoho Resources Inc. ("**Yoho**") dated February 12, 2014, and all transactions contemplated thereby, be and are hereby authorized and approved;
2. the arrangement agreement between Yoho and Yoho Resources Partnership (the "**Partnership**") dated January 31, 2014, a copy of which is attached as Appendix A to the Information Circular (collectively, the "**Arrangement Agreement**"), together with such amendments thereto made in accordance with the terms thereof as may be approved by the persons referred to in paragraph 5 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments, are hereby confirmed, ratified and approved;
3. Yoho be and is hereby authorized to apply for a Final Order from the Court of Queen's Bench of Alberta (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as the same may be or may have been amended);
4. notwithstanding that this special resolution has been duly passed and/or has received the approval of the Court, the board of directors of Yoho may, without further notice to or approval of the holders of common shares of Yoho, subject to the terms of the Plan of Arrangement, amend or terminate the Arrangement Agreement or the Plan of Arrangement or revoke this special resolution at any time prior to the filing of the Articles of Arrangement and other filings giving effect to the Arrangement; and
5. any director or officer of Yoho is hereby authorized, for and on behalf of Yoho, to execute and deliver the Articles of Arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action.

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## APPENDIX D

### SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

#### Section 191

- (1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to
  - (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
  - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
    - (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
  - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
  - (d) be continued under the laws of another jurisdiction under section 189, or
  - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(l)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
  - (a) at or before any meeting of shareholder at which the resolution is to be voted on, or
  - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),
  - (a) by the corporation, or
  - (b) by a shareholder if he has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay him an amount considered by the directors to be the fair value of the shares.
- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
  - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
  - (b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
  - (a) be made on the same terms, and
  - (b) contain or be accompanied by a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
  - (a) is not required to give security for costs in respect of an application under subsection (6), and
  - (b) except in special circumstances shall not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
  - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
  - (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
  - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
  - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
  - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
  - (f) the service of documents, and
  - (g) the burden of proof on the parties.

- (13) On an application under subsection (6), the Court shall make an order
- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
  - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
  - (c) fixing the time within which the corporation must pay that amount to a shareholder, and
  - (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

- (14) On
- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
  - (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
  - (c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

- (15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

- (16) Until one of the events mentioned in subsection (14) occurs,
- (a) the shareholder may withdraw the shareholder's dissent, or
  - (b) the corporation may rescind the resolution,
- and in either event proceedings under this section shall be discontinued.

- (17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

- (18) If subsection (20) applies, the corporation shall, within 10 days after
- (a) the pronouncement of an order under subsection (13), or
  - (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

- (19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder

retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

- (20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
  - (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
  - (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

## APPENDIX E

### INFORMATION CONCERNING YOHO RESOURCES INC.

#### Definitions

Unless the context indicates otherwise, capitalized terms which are used in this Appendix E and not otherwise defined in this Appendix "E" have the meanings given to such terms under "*Glossary of Terms*" in the main body of the Information Circular.

#### Documents Incorporated by Reference

Information has been incorporated by reference in this Appendix E from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice-President, Finance and Chief Financial Officer of Yoho at Suite 500, 521 - 3rd Avenue S.W., Calgary, Alberta T2P 3T3, Telephone (403) 537-1771 (Ext 102). In addition, copies of the documents incorporated herein by reference may be obtained by accessing the disclosure documents available through the SEDAR website at [www.sedar.com](http://www.sedar.com) on Yoho's profile.

The following documents of Yoho filed with the various securities commissions or similar authorities in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick and Nova Scotia are specifically incorporated by reference into and form an integral part of this Appendix "E":

- (e) the audited annual consolidated financial statements of Yoho as at and for the years ended September 30, 2013 and 2012, together with the notes thereto and the auditors' report thereon (the "**Yoho Annual Financial Statements**");
- (f) Yoho's management's discussion and analysis of the financial condition and results of operations of Yoho for the year ended September 30, 2013;
- (g) the annual information form of Yoho dated December 3, 2013 for the year ended September 30, 2013;
- (h) Yoho's information circular and proxy statement in respect of the annual and special meeting of Shareholders held on March 13, 2012;
- (i) Yoho's information circular and proxy statement in respect of the annual and special meeting of Shareholders held on March 12, 2013; and
- (j) the material change report of Yoho dated January 27, 2014 in respect of, among other things, the Asset Purchase and Sale Agreement and the Transaction.

Any documents of the type required by National Instrument 44-101 - *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus, including any material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditor's report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by Yoho with any of the securities commissions or similar authorities in Canada subsequent to the date of the Information Circular and before the Effective Date, are deemed to be incorporated by reference in this Appendix "E" and the Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Appendix "E" to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not**

state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Appendix "E".

### Description of the Business

Information concerning Yoho's business, including information with respect to Yoho's assets, operations and history (including certain recent developments), is provided in the accompanying Information Circular including under the heading "The Arrangement" and the documents incorporated by reference into this Appendix "E". Readers are encouraged to thoroughly review these documents as they contain important information about Yoho.

### Description of Securities

The authorized share capital of Yoho consists of an unlimited number of Common Shares, of which 50,733,687 are issued and outstanding as at the date hereof. The holders of Yoho Shares are entitled to: (i) one vote per share at meetings of shareholders of Yoho, (ii) dividends if, as and when declared by the board of directors, and (iii) upon liquidation, dissolution or winding-up of Yoho, to receive the remaining property of Yoho.

A further summary of the Yoho Shares is set forth in the accompanying Information Circular under "*The Arrangement - Effect of the Arrangement on Yoho Shares*". Additionally, as summary of the terms of the proposed New Yoho Shares is set forth in the accompanying Information Circular under "*The Arrangement - Effect of the Arrangement on Yoho Shares*".

### Dividends

Yoho has not paid any dividends on its outstanding Yoho Shares and does not anticipate paying dividends for the foreseeable future. The Yoho Board will determine the actual timing, payment and amount of dividends, if any, that may be paid by Yoho from time to time based upon, among other things, the cash flow, results of operations and financial condition of Yoho, the need for funds to finance ongoing operations and other business considerations as the Yoho Board considers relevant.

### Consolidated Capitalization

The following table sets forth the consolidated capitalization of Yoho effective September 30, 2013, prior to giving effect to the Arrangement and the Transaction; and effective September 30, 2013, after giving effect to the Arrangement and Transaction.

	<u>As at September 30, 2013 before giving effect to the Transaction and the Arrangement</u>	<u>As at September 30, 2013 after giving effect to the Transaction and the Arrangement</u>
<b>Credit Facility</b> <sup>(1)(2)</sup>		
Authorized	\$56,000,000	\$50,000,000
Credit Facility Drawn	\$29,300,000	\$Nil
<b>Shareholder Equity</b>		
Share Capital		
Yoho Shares (unlimited) <sup>(3)(4)(5)</sup>	\$134,709,118	N/A
	(50,458,687 Yoho Shares)	N/A
New Yoho Shares (unlimited) <sup>(3)(4)(5)</sup>	N/A	\$134,709,118
	N/A	(50,458,687 New Yoho Shares)

## Notes:

- (1) At September 30, 2013, Yoho's credit facilities (the "**Credit Facilities**") consisted of a \$56 million revolving operating demand loan for general corporate purposes including capital expenditures. Pursuant to the Credit Facilities, advances are due on demand and bear interest at the bank's prime lending rate or bankers' acceptance rates plus a margin based upon the Corporation's prior quarter debt to cash-flow ratio. Yoho also has a Risk Management Facilities up to a maximum of \$1.5 million available for interest rate, foreign exchange and commodity price risk management. This obligation is to be settled based on contract maturities, payable from corporate cash flow. The Credit Facilities are secured by a \$75 million debenture with a floating charge over all assets and a negative pledge and undertaking to provide fixed charges on Yoho's major producing petroleum and natural gas reserves. The available lending limits under the Credit Facilities are subject to periodic review and are based on the bank's interpretation of Yoho's reserves and future commodity prices.
- (2) Subsequent to the Transaction, the Credit Facilities have been amended and are currently comprised of a revolving operating demand loan of \$42 million and an acquisition/development demand loan of \$8 million. The security granted by the Corporation to its lender pursuant to the Credit Facilities, as amended subsequent to the Transaction, remain the same as described in note (1) above.
- (3) The foregoing table does not include 4,186,000 options to acquire Common Shares outstanding as of the date hereof at weighted average exercise price of \$2.85.
- (4) Pursuant to the terms of the Yoho Option Plan, upon completion of the Arrangement, holders of the outstanding Yoho Options shall be entitled to acquire one (1) New Yoho Share for each such Yoho Option held, in lieu of acquiring one (1) Yoho Share. Furthermore, provided the Yoho Option Plan is re-approved by Yoho Shareholders at the Meeting, including in respect of certain recent amendments thereto described in further detail under "*Particular Matters to be Acted Upon - Approval of the Yoho Option Plan*", the Yoho Option Plan will provide the Yoho Board with the discretion, without further approval of the Yoho Shareholders, to amend the exercise prices of outstanding Yoho Options in certain events. Under the Yoho Option Plan, as amended, the Yoho Board will be able to exercise this discretion in the event Yoho completes a distribution of cash (including a cash dividend or a return of capital but excluding dividends paid in the ordinary course), securities or other property or assets of Yoho, to the Yoho Shareholders. As the Arrangement will effectively result in the distribution of Storm Shares to Yoho Shareholders, the Yoho Board intends (subject to Yoho Shareholders re-approving the Yoho Option Plan, as amended) to reduce the exercise price of the Yoho Options outstanding subsequent to the Effective Time by an amount equal to the fair market value of the Storm Shares as at the Effective Time.
- (5) Pursuant to the Arrangement, Yoho intends to exchange each issued and outstanding Yoho Shares for one (1) New Yoho Share and a pro rata entitlement to an aggregate of 13,629,442 Storm Shares which are currently held by the Partnership. A summary of the terms of the proposed New Yoho Shares is set forth in the accompanying Information Circular under "*The Arrangement - Effect of the Arrangement on Yoho Shares*".

**Prior Sales**

During the 12 month period prior to the date of this Information Circular, Yoho did not issue any Yoho Shares or any securities convertible into or exchangeable for Yoho Shares other than: (i) an aggregate of 30,000 Yoho Shares issued on the exercise of an equal number of Yoho Options at an exercise price of \$2.78 per share on January 24, 2014; (ii) an aggregate of 150,000 Yoho Shares issued on the exercise of an equal number of Yoho Options at an exercise price of \$2.78 per share on January 27, 2014; (iii) an aggregate of 20,000 Yoho Shares issued on the exercise of an equal number of Yoho Options at an exercise price of \$2.78 per share on February 3, 2014; and (iv) an aggregate of 75,000 Yoho Shares issued on the exercise of an equal number of Yoho Options at an exercise price of \$2.78 per share on February 4, 2014.

**Price Range and Trading Volume of Yoho Shares**

The Yoho Shares are listed and posted for trading on the TSXV under the trading symbol "YO". The following sets forth the market price ranges and trading volumes for the Yoho Shares on the TSXV for the periods indicated as reported by the TSXV:

	Price Range		Volume Traded
	High (\$)	Low (\$)	
<u>2013</u>			
January	3.10	2.80	2,297,049
February	3.05	2.60	1,378,060
March	2.97	2.75	1,128,351
April	2.93	2.65	602,494
May	3.08	2.50	717,605
June	2.95	2.66	433,170
July	3.00	2.70	999,249
August	2.95	2.50	697,392
September	2.83	2.53	823,485
October	3.19	2.65	2,949,001
November	3.33	2.90	2,252,813
December	3.18	2.85	761,959
<u>2014</u>			
January	3.52	2.92	2,090,607
February (1 to 12)	3.39	3.10	360,294

On January 22, 2014, the last completed trading day on which the Yoho Shares traded prior to announcement of the Transaction and the proposed Arrangement, the closing price of the Yoho Shares on the TSXV was \$3.14.

## Compensation Discussion and Analysis

### *Executive Compensation Principles*

Yoho's compensation program is based on a "pay-for-performance" philosophy which supports Yoho's commitment to delivering continuous strong performance for its shareholders. Yoho's compensation policies are founded on the principle that compensation should be aligned with shareholders' interests, while also recognizing that Yoho's corporate performance is dependent upon the retainment of highly trained, experienced and committed directors, executive officers and employees who have the necessary skill sets, education, experience and personal qualities required to manage our business. Yoho's program also recognizes that the various components thereof must be sufficiently flexible to adapt to unexpected developments in the oil and gas industry and the impact of internal and market-related occurrences from time to time.

Yoho's executive compensation program is comprised of the following principal components: (a) base salary; (b) short-term incentive compensation comprised of discretionary cash bonuses; and (c) long-term incentive compensation comprised of share purchase options and an employee share ownership plan. See "*Incentive Plans*". Together, these components support our long-term growth strategy and are designed to address the following key objectives of our compensation program:

- align executive compensation with shareholders' interests;
- attract and retain highly qualified management;
- focus performance by linking incentive compensation to the achievement of business objectives and financial and operational results; and
- encourage retention of key executives.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competitiveness of Yoho's executive compensation package. When determining executive compensation, including the assessment of the competitiveness of the Corporation's compensation program, the Compensation Committee considers the compensation practices of companies in its selected peer group. These companies are representative of Yoho's peer group as they compete with Yoho for executive talent, operate in a similar business environment and are of similar size, scope and complexity.



The Corporation's selected peer group for fiscal 2013 for these purposes is comprised of primarily 7 similar sized companies based upon such factors as stage of development, production, revenue, total assets, cash flow, capital expenditures and number of employees. The companies included in our selected peer group for fiscal 2013 for executive compensation purposes included:

- Arcan Resources Ltd.
- Artek Exploration Ltd.
- Novus Energy Inc.
- Pinecrest Energy Inc.
- Renegade Petroleum Ltd.
- Strategic Oil and Gas Ltd.
- TriOil Resources Ltd.

The Corporation's compensation program is primarily designed to reward performance and, accordingly, the performance of both the Corporation and the individual performance of executive officers during the year in question are examined by the Compensation Committee in conjunction with setting executive compensation packages. The Corporation strives to be in the top quartile of its competitors in respect of minimizing general and administrative costs, in particular on a per barrel of oil equivalent production basis. As such, the Corporation's compensation philosophy is generally to place a particular emphasis on performance based cash bonuses while keeping base salaries and other fixed compensation levels at the lower end of the range relative to the Corporation's selected peer group.

#### ***Elements of our Executive Compensation Program***

##### *Base Salaries*

The base salary component is intended to provide a fixed level of pay that reflects each executive officer's primary duties and responsibilities. It also provides a foundation upon which performance based incentive compensation elements are assessed and established. The Corporation intends to pay base salaries to its executive officers, including the Chief Executive Officer, that are lower, on relative basis, than those for similar positions within its selected peer group. All of our executive officers have been employed by the Corporation since its inception. At start-up, executive officers' base salaries were set at modest levels, on both a comparative and absolute basis, reflective of the early stage of development of the Corporation. Executive officers' salaries have been increased since that time to reflect annual adjustments for inflation and corporate growth.

##### *Short-Term Incentive Compensation - Cash Bonuses*

In addition to base salaries, the Corporation has a discretionary bonus plan pursuant to which the Board, upon recommendation of the Compensation Committee, may award annual cash bonuses to executive officers and employees. The annual cash bonus element of the executive compensation program is designed to reward both corporate and individual performance during the Corporation's last completed financial year. It is the Compensation Committee's philosophy that an individual's bonus should be a reflection of corporate performance and that individual's contribution to such performance. In addition, the discretionary bonus plan is intended to give the Board the ability to ensure that overall executive cash compensation (i.e. salary and bonus) can, as warranted, be made at least comparable to the average total cash compensation of executives within our selected peer group during the year in question.

Each year, the Compensation Committee considers a number of performance and other criteria, as well as using its experience and judgment, in setting the amount of the bonus pool available to be distributed to executive officers and employees. The maximum amount of the bonus pool for any fiscal year is 50% of aggregate salaries (on a company-wide basis) for the year in question. For each of the performance criteria, the Compensation Committee sets both a base target and a "stretch", or more aggressive, target. The base target is indicative of the average performance level by a group of Yoho's peer group companies in respect of the noted criteria, while the stretch target is indicative of the performance of the top quartile of such peer group companies in relation to each criterion. In most instances, achieving the base target for all criteria will be sufficient for 50% of the bonus pool to be made

available for distribution. The stretch target is designed to provide an outside target, such that in most instances, if Yoho achieves the stretch target for all of the criteria, 100% of the available bonus pool will be available for distribution. In this fashion, the criteria set achievable, yet ambitious, targets to encourage growth and maximum value creation for Yoho's shareholders.

The performance targets are not fully determinative of the amount and allocation of cash bonuses. The Compensation Committee also considers managements' recommendations for bonuses, both in respect of overall quantum and performance generally, as well as all other material factors and circumstances, in setting bonuses and will use its discretion in evaluating the same. Upon determining the quantum of the bonus pool for any given fiscal year, the Compensation Committee will set the CEO's bonus level and will seek the CEO's input as to bonus allocations to other executive officers and individual employees. The Board will then review, and if satisfactory, approve the Compensation Committee's recommendations for bonus awards. The Compensation Committee annually reviews its bonus policies, including in respect of the bonus performance criteria.

The following is a general description of the performance criteria considered by the Compensation Committee in assessing the performance of the Corporation and its executive officers and employees, in connection with determining the bonus pool amount for a fiscal year:

- (a) the Corporation's finding, development and acquisition ("**FD&A**") costs for the given year;
- (b) the Corporation's recycle ratio (being, generally, cash flow netbacks divided by FD&A costs, on a per barrel of oil equivalent per day (6:1) of production basis) for the given year;
- (c) the Corporation's absolute and per share (on a diluted basis) production growth, year over year;
- (d) the Corporation's growth in proved plus probable reserves per share (on a diluted basis), year over year;
- (e) the Corporation's growth in cash flow per share (on a diluted basis), year over year; and
- (f) such other factors as the Compensation Committee deems relevant, including but not limited to, advancement of key plays, growth in drilling inventories, growth in net asset value per share, growth in contingent resource potential, successful financing efforts and other material contributions to value enhancement and corporate growth.

*Long Term Incentive Compensation – Stock Options*

Executive officers, along with all of Yoho's officers, directors, employees, contractors and other service providers, are eligible to participate in the Yoho Option Plan. The Yoho Option Plan and the Yoho Shares reserved thereunder have been approved by Yoho Shareholders. The Yoho Option Plan promotes an ownership perspective among executives, encourages the retention of key executives and provides an incentive to enhance shareholder value by furthering Yoho's growth and profitably. As with most companies in the Corporation's peer group, Yoho Options form an integral component of the total compensation package provided to the Corporation's executive officers. Participation in the Yoho Option Plan rewards overall corporate performance, as measured through the price of the Yoho Shares. In addition, the Yoho Option Plan enables executives to develop and maintain a significant ownership position in the Corporation.

Yoho Options are normally awarded by the Yoho Board upon the commencement of an individual's employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically to ensure that the number of Yoho Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. In considering additional grants, we evaluate the number of Yoho Options an individual has been granted, the exercise price and value of the Yoho Options and the term remaining on those Yoho Options. See "*Incentive Plans – Share Option Plan*" below for a description of the detailed terms of the Yoho Option Plan. Also see "*Particulars of Matters to be Acted Upon – Approval of the Yoho Option Plan*" in the Information Circular for further details on the current Yoho Option Plan and amendments made during the year ended September 30, 2013.

### *Employee Share Ownership Plan*

In 2008, Yoho implemented an employee stock ownership plan ("ESOP"). All of the Corporation's employees, including the executive officers, are entitled to participate in the ESOP. The purpose of the ESOP is to provide a means by which employees are encouraged to invest in Common Shares of the Corporation and thereby have the opportunity to participate in the growth and development of Yoho through personal contributions through payroll deductions, combined with additional contributions to the ESOP made by Yoho. See "*Incentive Plans – Employee Share Ownership Plan*" for a description of our ESOP.

### **Short Sales, Puts, Calls and Options**

Pursuant to the Yoho's Disclosure, Confidentiality and Trading Policy, directors, officers and employees of Yoho, shall not knowingly sell, directly or indirectly, a security of Yoho if such person selling such security does not own or has not fully paid for the security to be sold. Without prior approval to the disinterested directors, directors, officers and employees of Yoho shall not, directly or indirectly, buy or sell a call or put in respect of a security of Yoho. Notwithstanding these prohibitions, directors, officers and employees of Yoho may sell a Yoho Share which such person does not own if such person owns another security convertible into Yoho Shares or an option or right to acquire Yoho Shares sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the Yoho Shares so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

### **Summary**

The Corporation's compensation policies have allowed the Corporation to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. The Compensation Committee and the Yoho Board will continue to review compensation policies to ensure that they are competitive within the junior oil and natural gas industry and consistent with the performance of the Corporation.

### **Summary Compensation Table**

The following table sets forth, for each of the fiscal years ended September 30, 2013, September 30, 2012 and September 30, 2011, information concerning the compensation paid to our CEO, Chief Financial Officer ("CFO") and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the fiscal years ended September 30, 2013, September 30, 2012 and September 30, 2011 whose total compensation was more than \$150,000 (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(5)(6)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(4)</sup>	Long-term incentive plans			
Brian McLachlan President and Chief Executive Officer	2013	185,400	-	138,600 <sup>(3)</sup>	118,720	-	-	9,270	451,990
	2012	178,333	-	192,480 <sup>(2)</sup>	55,000	-	-	8,917	434,730
	2011	165,979	-	153,700 <sup>(1)</sup>	75,000	-	-	8,299	402,978
Wendy Woolsey Vice President, Finance and Chief Financial Officer	2013	175,100	-	138,600 <sup>(3)</sup>	102,680	-	-	8,755	425,135
	2012	166,667	-	192,480 <sup>(2)</sup>	55,000	-	-	8,333	422,480
	2011	154,729	-	122,960 <sup>(1)</sup>	50,000	-	-	7,736	335,425
Barry Stobo Vice President, Engineering and Chief Operating Officer	2013	185,400	-	194,040 <sup>(3)</sup>	128,720	-	-	9,270	517,430
	2012	173,333	-	192,480 <sup>(2)</sup>	65,000	-	-	8,667	439,480
	2011	154,729	-	122,960 <sup>(1)</sup>	84,000	-	-	7,736	369,425

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(5)(6)</sup>	Total compensation (\$)
					Annual incentive plans <sup>(4)</sup>	Long-term incentive plans			
Clark Drader Vice-President, Land	2013	175,100	-	138,600 <sup>(3)</sup>	107,680	-	-	8,755	430,135
	2012	166,667	-	192,480 <sup>(2)</sup>	55,000	-	-	8,333	422,480
	2011	154,729	-	122,960 <sup>(1)</sup>	40,000	-	-	7,736	325,425

**Notes:**

- (1) Reflects the value of Yoho Options issued under the Yoho Option Plan based on the grant date fair value of the applicable awards. The fair value of option grants have been determined using the same methodology and values used in determining the share option value for our financial statements as the Corporation believes it represents the best estimate of fair value of the options at the time of the grant. Value was attributed using the Black-Scholes option pricing model using the following assumptions: volatility of 58.7%; risk free interest rate of 2.1%; expected life of five years and expected future dividends of nil.
- (2) Reflects the value of Yoho Options issued under the Yoho Option Plan based on the grant date fair value of the applicable awards. The fair value of option grants have been determined using the same methodology and values used in determining the share option value for our financial statements as the Corporation believes it represents the best estimate of fair value of the options at the time of the grant. Value was attributed using the Black-Scholes option pricing model using the following assumptions: volatility of 56.7%; risk free interest rate of 1.5%; expected life of five years and expected future dividends of nil.
- (3) Reflects the value of Yoho Options issued under the Yoho Option Plan based on the grant date fair value of the applicable awards. The fair value of option grants have been determined using the same methodology and values used in determining the share option value for our financial statements as the Corporation believes it represents the best estimate of fair value of the options at the time of the grant. Value was attributed using the Black-Scholes option pricing model using the following assumptions: volatility of 57.3%; risk free interest rate of 1.3%; expected life of five years and expected future dividends of nil.
- (4) Reflects the cash amounts awarded to the NEO under the Corporation's cash bonus plan in respect of the respective year end but made payable in the subsequent fiscal year.
- (5) The value of perquisites received by each of the Named Executive Officers, including property or other personal benefits provided to the Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the Named Executive Officer's total salary for the financial year.
- (6) Represents the Corporation's share of the contribution to the ESOP. See "*Incentive Plans – Employee Share Ownership Plan*".

**Incentive Plans*****Share Option Plan***

The Corporation has the Yoho Option Plan which permits the granting of Yoho Options to purchase Yoho Shares to directors, officers, employees, consultants and other service providers of the Corporation and its subsidiaries. The Yoho Option Plan is intended to afford persons who provide services to Yoho an opportunity to obtain an increased proprietary interest in Yoho by permitting them to purchase Yoho Shares and to aid in attracting as well as retaining and encouraging the continued involvement of such persons with Yoho. The Yoho Option Plan is administered by the Yoho Board.

The Yoho Option Plan currently limits the number of Yoho Shares that may be issued on exercise of Yoho Options to a number not exceeding 10% of the number of Yoho Shares which are outstanding from time to time. Yoho Options that are cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Yoho Shares that were reserved for issuance thereunder being available for a subsequent grant of Yoho Options pursuant to the Yoho Option Plan. As the Yoho Option Plan is a "rolling" plan, the issuance of additional Yoho Shares by the Corporation or the exercise of Yoho Options will also give rise to additional availability under the Yoho Option Plan.

The exercise price of the Yoho Options granted pursuant to the Yoho Option Plan is determined by the Compensation Committee at the time of grant, provided that the exercise price shall not be less than the greater of

the discounted market price (as determined in accordance with the rules of the TSXV) of the Yoho Shares on the day preceding the date of grant.

In the event that a Yoho Optionholder ceases to be a director, officer, employee of or service provider to Yoho or a subsidiary of Yoho for any reason, including without limitation, resignation, dismissal or otherwise but excluding death, the Yoho Optionholder may, prior to the expiry date of the Yoho Options and within 90 days from the date of ceasing to be a director, officer, employee or service provider, exercise any Yoho Options which are vested within such period, after which time any outstanding Yoho Options shall terminate. Additionally, if there takes place a change of control (as such term is defined in the Yoho Option Plan) of the Corporation all issued and outstanding Yoho Options shall be exercisable (whether or not then vested) immediately prior to the time such change of control takes place and shall terminate on the 90th day after the occurrence of such change of control, or at such earlier time as may be established by the Yoho Board, in its absolute discretion, prior to the time such change of control takes place.

The policies of the TSXV require that the Yoho Option Plan be approved every year by shareholders of Yoho. The Yoho Option Plan was last approved by shareholders at Yoho's last annual and special meeting held on March 12, 2013. See "*Particulars of Matters to be Acted Upon – Approval of the Yoho Option Plan*" in the Information Circular for further details on the current Yoho Option Plan and amendments made during the year ended September 30, 2013.

#### ***Cash Bonus Plan***

The Corporation has established a discretionary cash bonus plan for its executive officers and employees based and dependent upon, among other things, the performance of both the Corporation and the individual for the applicable period. See "*Elements of our Executive Compensation Program - Short-Term Incentive Compensation - Cash Bonuses*" above.

#### ***Employee Share Ownership Plan***

Pursuant to the ESOP, for each \$1.00 contributed to the ESOP by an employee (including executive officers) (the "**Employee's Contribution**"), Yoho will contribute \$1.00 on behalf of such employee ("**Yoho's Contribution**").

Employees may contribute, by way of semi-monthly payroll deductions, for investment under the ESOP, an amount of their regular salary ranging from a minimum of 0% to a maximum of 5% (based upon 1% increments), excluding bonuses, deferred compensation, overtime pay, statutory holiday pay, severance payments or any special incentive compensation payments. If a participant's regular salary changes, the payroll deduction will be automatically changed accordingly.

The Employee's Contribution and Yoho's Contribution are used to acquire Yoho Shares. The Yoho Shares are acquired through open market purchases by an appointed trustee (the "**Trustee**") through the facilities of the TSXV in the Trustee's sole discretion, within ten working days (subject to available trading volume of Yoho Shares) of receiving the Employee's Contribution and Yoho's Contributions.

There are restrictions on the resale of any Yoho Shares acquired under the ESOP for one (1) year from the date of acquisition of the Yoho Shares. Purchases made on the TSXV, or such other stock exchange must not exceed the greater of: (i) 5% of issued and outstanding number of Yoho Shares; (ii) 10% of the public float of the Corporation over a 12-month period and 2% of the total issued and outstanding number of Yoho Shares in any 30-day period; or (iii) when aggregated with all other purchases by the Corporation during the same trading day, aggregate more than the greater of: (a) 25% of the average daily trading volume of the Yoho Shares; and (b) 1,000 Yoho Shares.

Yoho's Contributions vest to the respective employee one (1) year after being made by Yoho, and the Employee's Contributions vest immediately on being made by the employee.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-based Awards*

The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

Yoho Options are normally recommended by the Corporation's management and approved by the Compensation Committee upon the commencement of employment with the Corporation based on the level of responsibility within the Corporation. Additional grants may be made periodically, generally on an annual basis, to ensure that the number of options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Corporation. When determining Yoho Options to be allocated to eligible participants, a number of factors are considered including the number of outstanding Yoho Options held by such individual, the value of such Yoho Options and the total number of available Yoho Options for grant.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended September 30, 2013.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Brian McLachlan	50,000 250,000 100,000 120,000 100,000	2.78 2.60 3.00 3.25 2.80	Feb 5, 2014 Apr 27, 2015 Dec 20, 2015 Feb 21, 2017 Dec 20, 2017	Nil 25,000 Nil Nil Nil	-	-	-
Wendy Woolsey	50,000 200,000 80,000 120,000 100,000	2.78 2.60 3.00 3.25 2.80	Feb 5, 2014 Apr 27, 2015 Dec 20, 2015 Feb 21, 2017 Dec 20, 2017	Nil 20,000 Nil Nil Nil	-	-	-
Barry Stobo	50,000 200,000 80,000 120,000 140,000	2.78 2.60 3.00 3.25 2.80	Feb 5, 2014 Apr 27, 2015 Dec 20, 2015 Feb 21, 2017 Dec 20, 2017	Nil 20,000 Nil Nil Nil	-	-	-
Clark Drader	50,000 200,000 80,000 120,000 100,000	2.78 2.60 3.00 3.25 2.80	Feb 5, 2014 Apr 27, 2015 Dec 20, 2015 Feb 21, 2017 Dec 20, 2017	Nil 20,000 Nil Nil Nil	-	-	-

**Note:**

- (1) Calculated based on the difference between the market price of the Yoho Shares on September 30, 2013 (\$2.70) and the exercise price of the Yoho Options.

### *Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended September 30, 2013 and the value of non-equity incentive plan compensation earned during

the year ended September 30, 2013. The Corporation did not have any share-based awards outstanding at the end of the most recently completed financial year.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(2)</sup>
Brian McLachlan	15,833	-	118,720
Wendy Woolsey	12,667	-	102,680
Barry Stobo	12,667	-	128,720
Clark Drader	12,667	-	107,680

**Notes:**

- (1) Calculated based on the difference between the market price of the Yoho Shares underlying the Yoho Options on the vesting date and the exercise price of the Yoho Options.
- (2) Reflects the cash bonus earned by the NEO in respect of the last completed financial year.

**Pension Plan Benefits**

The Corporation does not have a pension plan or similar benefit program.

**Termination and Change of Control Benefits**

Pursuant to employment agreements between the Corporation and each of the Named Executive Officers, each Named Executive Officer earned an annual salary during fiscal 2013 in addition to being eligible to participate in the Corporation's bonus, ESOP and stock option plans. Pursuant to the agreements, which are for an indefinite term, if any Named Executive Officer is terminated without just cause, or elects to resign within 180 days after a change of control of the Corporation, that person would be entitled to receive a retiring allowance equal to four (4) months of the Named Executive Officer's annual base salary for each full year of employment with the Corporation, up to a maximum of twelve (12) months.

Upon termination of any of the Named Executive Officers for any reason, there is no automatic acceleration of, or any other benefit relating to, any Options held by the executives but certain of such Options are required to be exercised with a specified period of time upon ceasing to be a service provider to Yoho. Pursuant to the Option Plan, the Board may however, at its discretion, accelerate vesting of Options.

If the employment agreements referred to above were terminated by Yoho, other than for just cause, as of September 30, 2013, the amounts payable thereunder to Brian McLachlan and Barry Stobo would have been \$187,200 and the amounts payable to Wendy Woolsey and Clark Drader would have been \$176,800.

**Director Compensation**

Yoho does not currently pay cash fees for services to its independent directors. Directors may be reimbursed for out-of-pocket expenses incurred in carrying out their duties as directors. Each of the non-management directors is also entitled to participate in the Yoho Option Plan.

***Directors' Summary Compensation Table***

The following table sets forth for the year ended September 30, 2013, information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bruce Allford	-	-	27,720	-	-	-	27,720
John Brussa	-	-	27,720	-	-	-	27,720

Peter Kurceba	-	-	27,720	-	-	-	27,720
Gary Perron	-	-	27,720	-	-	-	27,720
Terry Svarich	-	-	27,720	-	-	-	27,720
Kevin Olson	-	-	27,720	-	-	-	27,720

**Note:**

- (1) Reflects the value of Yoho Options issued under the Yoho Option Plan based on the grant date fair value of the applicable awards. This value is the same as the fair value established in accordance with International Financial Reporting Standards. Value was attributed using the Black-Scholes option pricing model using the following assumptions: volatility of 57.3%; risk free interest rate of 1.3%; expected life of five years and expected future dividends of nil.

**Directors' Outstanding Option-Based Awards and Share-Based Awards**

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended September 30, 2013. The Corporation does not have any outstanding share-based awards.

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Bruce Allford	45,000	2.60	Apr 27, 2015	4,500	-	-	-
	25,000	3.00	Dec 20, 2015	Nil			
	25,000	3.25	Feb 21, 2017	Nil			
	20,000	2.80	Dec 20, 2017	Nil			
John Brussa	25,000	2.91	Feb 5, 2014	Nil	-	-	-
	20,000	2.60	Apr 27, 2015	2,000			
	25,000	2.45	Jul 14, 2015	6,250			
	25,000	3.00	Dec 20, 2015	Nil			
	25,000	3.25	Feb 21, 2017	Nil			
	20,000	2.80	Dec 20, 2017	Nil			
Peter Kurceba	50,000	2.60	Apr 27, 2015	5,000	-	-	-
	25,000	3.00	Dec 20, 2015	Nil			
	25,000	3.25	Feb 21, 2017	Nil			
	20,000	2.80	Dec 20, 2017	Nil			
Gary Perron	45,000	2.60	Apr 27, 2015	4,500	-	-	-
	30,000	3.00	Dec 20, 2015	Nil			
	25,000	3.25	Feb 21, 2017	Nil			
	20,000	2.80	Dec 20, 2017	Nil			
Terry Svarich	50,000	2.60	Apr 27, 2015	5,000	-	-	-
	25,000	3.00	Dec 20, 2015	Nil			
	25,000	3.25	Feb 21, 2017	Nil			
	20,000	2.80	Dec 20, 2017	Nil			
Kevin Olson	50,000	2.60	Apr 27, 2015	5,000	-	-	-
	25,000	3.00	Dec 20, 2015	Nil			
	25,000	3.25	Feb 21, 2017	Nil			
	20,000	2.80	Dec 20, 2017	Nil			

**Note:**

- (1) Calculated based on the difference between the market price of the Common Shares underlying the Options at September 30, 2013 (\$2.70) and the exercise price of the Options.



**Directors' Incentive Plan Awards – Value Vested or Earned During the Year**

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards which vested during the year ended September 30, 2013 and the value of non-equity incentive plan compensation earned during the year ended September 30, 2013. The Corporation does not have any share-based awards outstanding.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Bruce Allford	2,850	-	-
John Brussa	5,100	-	-
Peter Kurceba	3,167	-	-
Gary Perron	2,850	-	-
Terry Svarich	3,167	-	-
Kevin Olson	3,167	-	-

Note:

- (1) Calculated based on the difference between the market price of the Yoho Shares underlying the Yoho Options on the vesting date and the exercise price of the Yoho Options on the vesting date.

**Securities Authorized for Issuance Under Equity Compensation Plans**

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans (being the Yoho Option Plan) as at September 30, 2013.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders <sup>(1)</sup>	4,501,000	\$2.85	544,869
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>4,501,000</b>	<b>\$2.85</b>	<b>544,869</b>

Note:

- (1) The Yoho Option Plan authorizes the issuance of Yoho Options entitling the holders to acquire, in the aggregate, up to 10% of the Yoho Shares from time to time. See "*Incentive Plans-Share Option Plan*".

**Audit Committee Information****Audit Committee Mandate and Terms of Reference**

The mandate and responsibilities of the audit committee (the "**Mandate**") of the Corporation (the "**Audit Committee**") of the Yoho Board is attached hereto as Schedule "A".

**Composition of the Audit Committee**

The members of the Audit Committee, being Messrs. Gary Perron (Chair), Kevin Olson and Terry Svarich, are independent (in accordance with National Instrument 52-110 *Audit Committees*) and are financially literate.

Mr. Gary Perron is a partner of Perron & Partners Wealth Management. He has provided investment advisory services for more than 30 years. He holds a Bachelor of Commerce Degree (Honours) and holds the Chartered Financial Analyst designation. Mr. Perron has served as a director of several public companies including as an audit committee member.

Mr. Terry Svarich has been President of Devsun Ltd., a private investment company, for the past eight years. For ten years prior to this Mr. Svarich was the President of a number of oil and gas companies in Calgary and has over 30 years of experience in the oil and gas industry. Mr. Svarich has a Bachelor of Science (Engineering) Degree. Mr. Svarich has served as a director of several public companies including as an audit committee member.

Mr. Olson is the President of Kyklopes Capital Management Ltd. Prior thereto, he was Portfolio Manager with EnergyX Capital Management, a manager of two private investment funds, since 2002. From 2000 to 2001 Mr. Olson served as Vice-President, Corporate Development with Northrock Resources Ltd. Prior thereto, Mr. Olson was Vice-President, Corporate Finance at FirstEnergy Capital Corp. Kevin holds a Bachelor of Commerce (Finance, Accounting).

### ***Pre-Approval of Policies and Procedures***

The Audit Committee shall review and pre-approve all non-audit services to be provided to Yoho by its external auditors.

### ***External Auditor Service Fees***

#### *Audit Fees*

The aggregate fees billed by the Corporation's external auditor in the last fiscal year for audit services were \$75,000 (\$69,000 in the fiscal year 2012).

#### *Audit-Related Fees*

The aggregate fees billed in the last fiscal year for assurance related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements that are not reported under "Audit Fees" above was \$45,000 (\$139,000 for the fiscal year 2012). Services included in those figures are quarterly reviews, prospectus reviews and IFRS audit services.

#### *Tax Fees*

The aggregate fees billed in the last fiscal year for professional services rendered by the Corporation's external auditor for tax return preparation was \$1,550 (\$1,400 for the fiscal year 2012).

#### *All Other Fees*

The aggregate fees billed in the last fiscal year for products and services provided by the Corporation's auditors other than services reported above was \$Nil (\$35,000 for the fiscal year 2012).

### ***Exemption***

As the Corporation is listed on the TSXV, it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of National Instrument 52-110.

### **Corporate Governance Disclosure**

Set forth below is a description of the Corporation's current corporate governance practices, as prescribed by Form 58-101F2, which is attached to National Instrument 58-101 entitled "*Disclosure of Corporate Governance Practices*" ("**NI 58-101**"). The requirements of Form 58-101F2 are set out below in italics:

## 1. Board of Directors

*Disclose the identity of directors who are independent.*

The Yoho Board has determined that the following six (6) directors of the Corporation are independent in accordance with NI 58-101:

Gary Perron  
Terry Svarich  
Kevin Olson  
John Brussa  
Bruce Allford  
Peter Kurceba

*Disclose the identity of directors who are not independent, and describe the basis for that determination.*

The Yoho Board determined that the following one (1) director of the Corporation is not independent:

Brian McLachlan

Brian McLachlan is not considered to be independent as Mr. McLachlan is the President and Chief Executive Officer of the Corporation.

## 2. Directorships

*If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following directors are presently directors of other issuers that are reporting issuers (or the equivalent):

<u>Name of Director</u>	<u>Names of Other Issuers</u>
Kevin Olson	Raging River Exploration Inc.
Bruce Allford	Indo Pacific Resources Ltd. Contact Exploration Inc. Northern Spirit Resources Inc.
John Brussa	Argent Energy Ltd. (Administrator of Argent Energy Trust) Baytex Energy Corp. Calmena Energy Services Inc. Cardinal Energy Ltd. Crew Energy Inc. Enseco Energy Services Corp. Just Energy Group Inc. Long Run Exploration Ltd. Pinecrest Energy Inc. RMP Energy Inc. (formerly Orleans Energy Ltd.) Storm Resources Ltd. TORC Oil & Gas Ltd. Twin Butte Energy Ltd.

### 3. **Orientation and Continuing Education**

*Briefly describe what measures the board takes to orient new directors and briefly describe what measures, if any, the board takes to provide continuing education for its directors.*

Due to the size of the Yoho Board, no formal program currently exists for the orientation of new directors and existing directors provide orientation and education to new members on an informal and *ad hoc* basis. In addition, new directors of the Corporation will be given a copy of the mandate of the Yoho Board and each of the Audit Committee and Compensation Committee and a presentation will be made by management to new directors respecting the nature and operations of the Corporation's business.

No formal continuing education program currently exists for the directors of the Corporation; however, the Corporation encourages directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and has agreed to pay the cost of such courses and seminars. Each director of the Corporation has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director.

### 4. **Ethical Business Conduct**

*Describe what steps the board takes to encourage and promote a culture of ethical business conduct.*

The Yoho Board has adopted a code of ethics applicable to all members of the Corporation, including directors, officers and employees. Each director, officer and employee of the Corporation has been provided with a copy of the code of ethics.

The Yoho Board has also adopted a "Whistleblower Policy" wherein employees, consultants and external stakeholders of the Corporation are provided with a mechanism by which they can raise concerns in a confidential, anonymous process.

### 5. **Nomination of Directors**

*Describe the process by which the board identifies new candidates for board nomination.*

Pursuant to the mandate of the Yoho Board, the Yoho Board has responsibility for selecting nominees for election to the Yoho Board. At present, the Yoho Board does not have a process by which the Yoho Board identifies new candidates for Yoho Board nomination but rather the identification of new candidates is done on an informal and *ad hoc* basis.

### 6. **Compensation**

*Describe the process by which the board determines the compensation for the issuer's directors and officers.*

The process by which the Yoho Board determines the compensation of the Corporation's directors is as follows:

The Compensation Committee has the responsibility, among other things, for making recommendations to the Yoho Board in respect of directors' compensation. In arriving at its recommendations, the Compensation Committee conducts a periodic review of directors' compensation and compensation data for directors of reporting issuers of comparative size to the Corporation.

The compensation of the Yoho Board is described in this Appendix E under the heading "*Statement of Executive Compensation – Directors' Compensation*".

The process by which the Yoho Board determines the compensation of the Corporation's officers is described in this Appendix E under the heading "*Statement of Executive Compensation – Compensation Discussion and Analysis*".

**7. Other Board Committees**

*If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.*

In addition to the Audit Committee and the Compensation Committee, the Corporation has also created a Reserves Committee to which the Yoho Board has delegated the responsibility for the following matters:

- (i) reviewing the Corporation's procedures relating to the disclosure of information with respect to oil and gas activities including reviewing its procedures for complying with its disclosure requirements and restrictions set forth under applicable securities requirements;
- (ii) reviewing the Corporation's procedures for providing information to the independent evaluator;
- (iii) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in National Instrument 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);
- (iv) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;
- (v) providing a recommendation to the Yoho Board as to whether to approve the content or filing of the statement of the Reserves Data and other information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;
- (vi) reviewing the Corporation's procedures for reporting other information associated with oil and gas producing activities; and
- (vii) generally reviewing all matters relating to the preparation and public disclosure of estimates of the Corporation's reserves.

**8. Assessments**

*Disclose what steps, if any, the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.*

As part of its mandate, the Yoho Board is responsible for reviewing annually the composition of the board and its committees and assessing the performance of the directors on an ongoing basis.

**AUDITORS, TRANSFER AGENT AND REGISTRAR**

The auditors of Yoho are KPMG LLP, Chartered Accountants, 3100, 205 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta T2P 4B9.

The transfer agent and registrar for the Yoho Shares (and when applicable, the New Yoho Shares) is Valiant Trust Company at its principal offices in Calgary, Alberta.

**SCHEDULE A****YOHO OPTION PLAN****1. Purpose Of Plan**

The purpose of this plan (the "**Yoho Resources Option Plan**") is to develop the interest of Directors, Employees, Management Company Employees, and Consultants of Yoho Resources Inc. (collectively, "**Service Providers**") and its subsidiaries (collectively, the "**Corporation**") in the growth and development of the Corporation by providing them with the opportunity through share purchase options to acquire an increased proprietary interest in the Corporation.

**2. Administration**

The Yoho Resources Option Plan shall be administered by the Board of Directors of the Corporation, or if appointed, by a special committee of Directors appointed from time to time by the Board of Directors of the Corporation (such committee, or if no such committee is appointed, the Board of Directors of the Corporation, is hereinafter referred to as the "**Committee**") pursuant to rules of procedure fixed by the Board of Directors.

**3. Granting Of Options**

The Committee may from time to time designate bona fide Directors, Employees, Management Company Employees and Consultants of the Corporation (or in each case their personal holding companies) (collectively, the "**Optionees**"), to whom options ("**Options**") to purchase voting common shares ("**Common Shares**") of the Corporation may be granted, and the number of Common Shares to be optioned to each, provided that:

- (a) the total number of Common Shares issuable pursuant to the Yoho Resources Option Plan shall not exceed 10% of the aggregate number of common shares of the Corporation outstanding (the "**Outstanding Common Shares**"), subject to adjustment as set forth herein, and further subject to the applicable rules and regulations of all regulatory authorities to which the corporation is subject, including the TSX Venture Exchange (the "**TSXV**");
- (b) the number of Common Shares reserved for issuance on exercise of options, within a one-year period, to any one optionee shall not exceed 5% of the Outstanding Common Shares;
- (c) the aggregate number of Common Shares reserved for issuance on exercise of Options, within a one-year period, to any one Consultant of the Corporation may not exceed 2% of the Outstanding Common Shares;
- (d) the aggregate number of Common Shares reserved for issuance on exercise of Options, within a one-year period, to persons employed to provide conducting investor relations activities may not exceed 2% of the Outstanding Common Shares; and
- (e) the maximum number of Common Shares reserved for issuance on exercise of Options granted to Insiders at any time may not exceed 10% of the number of Outstanding Common Shares;
- (f) the maximum number of Common Shares issuable on exercise of Options granted to Insiders within a twelve month period, shall not exceed 10% of the number of Outstanding Common Shares; and
- (g) the maximum number of Common Shares which may be issued on exercise of Options to any one optionee and the associates of such insider, within a 12 month period, may not exceed 5% of the number of Outstanding Common Shares;

provided that for the purposes of paragraphs (e), (f) and (g) above, an entitlement granted prior to the grantee becoming an Insider may be excluded in determining the number of Common Shares issuable to Insiders. The Common Shares that are reserved for issuance on exercise of Options granted pursuant to this Yoho Resources Option Plan that are cancelled, terminated or expired in accordance with terms of the Yoho Resources Option Plan prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Yoho Resources Option Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

#### 4. **Vesting**

The Committee may, in its sole discretion, determine the time during which Options shall vest and the method of vesting. In the absence of any determination by the Committee as to vesting, vesting shall be as to one third on the date of grant and one third on each of the second and third anniversaries of the date of grant.

Notwithstanding any other provision in the Yoho Resources Option Plan, if there takes place a Change in Control, at any time before the expiry time, and while the Optionee is still a Service Provider, all Options (whether or not then vested) shall, immediately prior to the time such Change in Control takes place, accelerate and be exercisable as to all Common Shares and shall terminate on the 90th day after the date of such Change in Control or at such earlier time as may be established by the Board of Directors of the Corporation, in its absolute discretion, prior to the time such Change in Control takes place.

#### 5. **Exercise Price**

The exercise price (the "**Exercise Price**") of any Option shall be fixed by the Committee when such Option is granted, provided that such price shall not be less than the Discounted Market Price of the Common Shares, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSXV.

Except for those adjustments as a result of the matters set forth in Section 11, in the event that the Corporation proposes to reduce the Exercise Price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, said amendment shall not be effective until disinterested shareholder approval has been obtained in respect of said Exercise Price reduction.

#### 6. **Option Terms**

The period during which an Option is exercisable shall, subject to the provisions of the Plan requiring acceleration of rights of exercise, be such period as may be determined by the Committee at the time of grant, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (presently restricted to five years). Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee and shall not be assignable or transferable. In addition, each Option shall provide that:

- (a) upon the death of the Optionee, the Option shall terminate on the date of death, unless the Optionee was a Director, Employee, Management Company Employee or Consultant of the Corporation or a subsidiary of the Corporation at least one year following the date of grant of the Options in question, in which case the options shall terminate on the date that is six months following the date of death of the optionee (the "**Termination Date**");
- (b) if the Optionee shall no longer be a Director of, be in the employ of, or be providing ongoing management or consulting services to the Corporation, the Option shall terminate on the earlier of the expiry date of the Option and the expiry of the period (the "**Termination Date**") not in excess of 90 days prescribed by the Committee at the time of grant, following the date that the optionee ceases to be a Director or Employee of the Corporation, or ceases to provide ongoing management or consulting services to the Corporation, as the case may be; and

- (c) if the Option is granted to an Optionee who is engaged in Investor Relations Activities on behalf of the Corporation, the Option shall terminate on the earlier of the expiry date of the Option and the expiry of the period (the "**Termination Date**") not in excess of 30 days prescribed by the Committee at the time of grant, following the date that the Optionee ceases to provide ongoing investor relations activities;

provided that the number of Common Shares that the Optionee (or his heirs or successors) shall be entitled to purchase until the Termination Date shall be the number of Common Shares which the Optionee was entitled to purchase on the date of death or the date the Optionee ceased to be a Director or Employee of, or ceased providing ongoing management or consulting services to, the Corporation, as the case may be.

If the normal expiry date of any Option falls within any Blackout Period or within 10 business days (being a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta are not generally open for business) following the end of any Blackout Period (the "**Restricted Options**"), then the expiry date of such Restricted Options shall, without any further action, be extended to the date that is 10 business days following the end of such Blackout Period.

#### 7. **Exercise Of Option**

Subject to the provisions of the Yoho Resources Option Plan, an Option may be exercised from time to time by delivery to the Corporation at its head office, or such other place as may be specified by the Corporation, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased.

#### 8. **Mergers, Amalgamation And Sale**

If the Corporation shall become merged (whether by plan of arrangement or otherwise) or amalgamated within or with another corporation or shall sell the whole or substantially the whole of its assets and undertakings for shares or securities of another corporation, the Corporation shall, subject to this Section 8, make provision that, upon exercise of an Option during its unexpired period after the effective date of such merger, amalgamation or sale, the Optionee shall receive such number of shares of the continuing successor corporation in such merger or amalgamation or the securities or shares of the purchasing corporation as the Optionee would have received as a result of such merger, amalgamation or sale if the Optionee had purchased the shares of the Corporation immediately prior thereto for the same consideration paid on the exercise of the Option and had held such shares on the effective date of such merger, amalgamation or sale and, upon such provision being made, the obligation of the Corporation to the Optionee in respect of the Common Shares subject to the Option shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

#### 9. **Termination Of Option In The Event Of Take-Over Bid**

In the event a take-over bid (as defined in the *Securities Act* (Alberta), which is not exempt from the take-over bid requirements of Part 14 of the *Securities Act* (Alberta) (or its replacement or successor provisions) shall be made for the Common Shares of the Corporation, the Corporation may in the agreement providing for the grant of Options herein provide that the Corporation may require the disposition of the Optionee and the termination of any obligations of the Corporation to the Optionee in respect of any Options granted by paying to the Optionee in cash the difference between the exercise price of unexercised Options and the fair market value of the securities to which the Optionee would have been entitled upon exercise of the unexercised Options on such date, which determination of fair market value shall be conclusively made by the Committee, subject to approval by the stock exchanges upon which the Common Shares are then listed, if required by such exchanges. Upon payment as aforesaid, the Options shall terminate and be at an end and the Optionee shall cease to have any further rights in respect thereof.

#### 10. **Surrender Offer**

An Optionee may make an offer (the "**Surrender Offer**") to the Corporation, at any time, for the disposition and surrender by the Optionee to the Corporation (and the termination thereof) of any of the Options granted hereunder



for an amount (not to exceed fair market value) specified therein by the Optionee and the Corporation may, but is not obligated to, accept the Surrender Offer, subject to any regulatory approval required. If the Surrender Offer, either as made or as renegotiated, is accepted, the Options in respect of which the Surrender Offer relates shall be surrendered and deemed to be terminated and cancelled and shall cease to grant the Optionee any further rights thereunder upon payment of the amount of the agreed Surrender Offer by the Corporation to the Optionee.

#### **11. Adjustments**

Appropriate adjustments in the number of Common Shares optioned and in the Exercise Price, as regards Options granted or to be granted, may be made by the Committee in its discretion to give effect to adjustments in the number of Common Shares of the Corporation resulting from subdivisions, consolidations or reclassifications of the Common Shares of the Corporation, the payment of stock dividends by the Corporation, or other relevant changes in the capital of the Corporation.

Upon the distribution by the Corporation to holders of Common Shares of cash (including a cash dividend or a return of capital, but excluding dividends paid in the ordinary course), securities or other property or assets, an appropriate and proportionate adjustment to the Exercise Price, or such other adjustment as the Committee determines is appropriate, may be made by the Committee in its discretion (provided that the Exercise Price, as adjusted, shall not be less than Discounted Market Price of the Common Shares as at the effective date of such adjustment, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the TSXV), but no adjustment will be made to the number of Common Shares to be delivered upon exercise of an Option as a result thereof.

#### **12. Option Agreements**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting (if applicable) and expiry, and any other terms approved by the Committee, all in accordance with the provisions of this Yoho Resources Option Plan. The agreement will be in such form as the Committee may from time to time approve, or authorize the officers of the Corporation to enter into, and may contain such terms as may be considered necessary in order that the Option will comply with this Yoho Resources Option Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen, and the rules of any regulatory body having jurisdiction over the Corporation.

#### **13. Regulatory Authorities Approvals**

The Yoho Resources Option Plan shall be subject to the approval, if required, of any stock exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval shall be conditional upon such approval being given, and no such Options may be exercised unless such approval, if required, is given.

#### **14. Amendment or Discontinuance of the Yoho Resources Option Plan**

The Committee may amend or discontinue the Yoho Resources Option Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any Option previously granted to an Optionee under the Yoho Resources Option Plan, and provided further that any amendment to the Yoho Resources Option Plan will require the prior consent of the TSXV, or such other or additional stock exchange on which the Common Shares are listed for trading.

#### **15. Hold Period**

In addition to any resale restrictions imposed under applicable securities laws, if required by the TSXV or any other regulatory authority, Options granted under the Yoho Resources Option Plan and Common Shares issued on exercise of such Options may be required to be legended evidencing that the Options and the Common Shares issued

upon exercise of the Options are subject to a hold period or restricted period as required by the TSXV or other applicable regulatory authority and the Optionee by accepting the Option agrees to comply therewith.

**16. Common Shares Duly Issued**

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefore in accordance with the terms of the Option, and the issuance of Common Shares thereunder will not require a resolution or approval of the Board of Directors of the Corporation.

**17. Prior Plans**

This Yoho Resources Option Plan entirely replaces and supersedes prior share option plans enacted by the Board of Directors of the Corporation, or its predecessor corporations.

**18. Tax Withholding**

The Corporation shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Yoho Resources Option Plan, including the grant or exercise of Options granted under the Yoho Resources Option Plan. With respect to required withholding, the Corporation shall have the irrevocable right to, and the Optionee consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer or employee of the Corporation or as a result of the Optionee providing services on an ongoing basis to the Corporation or otherwise), or may make such other arrangements satisfactory to the Optionee and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Optionee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares.

**19. No Guarantees Regarding Tax Treatment**

Optionees (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Board of Directors and the Corporation make no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, nor any of its employees or representatives shall have any liability to an Optionee with respect thereto.

**20. Definitions**

In this Yoho Resources Option Plan, capitalized terms used herein that are not otherwise defined herein shall have the meaning ascribed thereto in the Corporate Finance Manual of the TSXV, and in particular, in policies 1.1 and 4.4 of said Corporate Finance Manual.

- (a) **"Blackout Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any holder of an Option.
- (b) **"Change of Control"** means:
  - (i) the purchase or acquisition, without the prior consent of the Board of Directors of the Corporation, of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or

Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares; or

- (ii) (A) the Corporation completes an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation or entity which requires approval of the shareholders of the Corporation pursuant to its statute of incorporation, or (B) the purchase or acquisition, with or without the prior consent of the Board of Directors of the Corporation, of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, and immediately following the event described in paragraphs (A) and (B) above, as the case may be, the directors of the Corporation immediately prior to such event do not constitute a majority of the board of directors (or equivalent) of the successor or continuing corporation or entity immediately following such event; or
  - (iii) the election at a meeting of the Corporation's shareholders of that number of persons which would represent a majority of the Board of Directors of the Corporation, as directors of the Corporation who are not included in the slate for election as directors proposed to the Corporation's shareholders by the Corporation; or
  - (iv) the liquidation, dissolution or winding-up of the Corporation; or
  - (v) the sale, lease or other disposition of all or substantially all of the assets of the Corporation; or
  - (vi) a determination by the Board of Directors of the Corporation that there has been a change, whether by way of a change in the holding of the Voting Shares of the Corporation or otherwise, in the ownership of the Corporation's assets or by any other means, as a result of which any person or group of persons acting jointly or in concert is in a position to exercise effective control of the Corporation.
- (c) **"Convertible Securities"** means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;
  - (d) **"Holder"** means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Securities Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;
  - (e) **"Outstanding Common Shares"** at the time of any share issuance or grant of Options means the aggregate number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the corporation is subject, including the TSXV; and
  - (f) **"Voting Shares"** means any securities of the Corporation ordinarily carrying the right to vote at elections of directors.

**SCHEDULE B**

**MANDATE AND RESPONSIBILITIES OF  
THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Role and Objective**

The Audit committee (the "**Committee**") is a committee of the board of directors of Yoho Resources Inc. ("**Yoho**") to which the board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for board of director approval, the audited financial statements and other mandatory disclosure releases containing financial information, and review of the annual reserves. The objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of Yoho and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports;
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors;
6. The Audit Committee shall, in the exercise of its powers, authorities and discretion so authorized, conform to any regulations or restrictions that may from time to time be made or imposed upon it by the Board of Directors or the legislation, policy or regulation governing the Corporation and its business.

**Membership of Committee**

The Committee shall be comprised of at least three (3) directors of Yoho, none of whom are members of management of Yoho and all of whom are "unrelated directors" (as such term is used in the Report of the Toronto Stock Exchange on Corporate governance in Canada) and "independent" (as such term is used in Multilateral Instrument 52-110 – Audit Committees ("**MI 52-110**").

1. The Board of Directors shall have the power to appoint the Committee Chairman, who shall be an unrelated director.
2. All of the members of the Committee shall be "financial literate" as defined in NI 52-110. The Board of Directors of Yoho has adopted the definition for "financial literacy" and the definition of "audit committee financial expert" used in MI 52-110.
3. Unless otherwise ordered by the Board of Directors, each member of the Audit Committee shall continue to be a member thereof until the expiration of his term of offices as director;
4. The Board of Directors may from time to time modify, dissolve or reconstitute the Audit Committee and may make such regulations with respect to and impose such restrictions upon the exercise of the power, authorities and discretion of the Audit Committee as the Board of directors considers expedient;
5. The members of the Audit Committee as such shall be entitled to such remuneration for their services as Chairman and members of the Audit Committee as may be fixed by the Board of Directors.

## Meetings

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the board.
3. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken.
4. The Committee shall forthwith report the results of meetings and reviews undertaken and any associated recommendations to the board.
5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. The Audit Committee may invite such directors, officers and employees of the Corporation and the external auditors of the Corporation as it may see fit to attend its meetings and to take part in the discussion and consideration of the affairs of the Audit Committee.
7. The meetings of the Audit Committee shall be convened at the direction of any member thereof or the Chairman, President or Vice President, Finance of the Corporation, the Board of Directors or the external auditors.
8. No business shall be transacted by the Audit Committee except at a meeting of its members at which a quorum is present in person or by telephone or by a resolution in writing signed by all of the members of the Audit Committee; and
9. The meetings and proceedings of the Audit Committee shall be governed by the provisions of the by-laws of the Corporation that regulate meetings and proceedings of the Board of Directors insofar as the same are applicable thereto and are not superseded by any regulations or restrictions made or imposed by the Board of Directors, and provided that it is confirmed that the Chairman of the Audit Committee shall not have a second or casting vote.

## Mandate and Responsibilities of Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors shall report directly to the Committee.
2. It is the responsibility of the Committee to satisfy itself on behalf of the board with respect to Yoho's Internal Control Systems:
  - (a) identifying, monitoring and mitigating business risks; and
  - (b) ensuring compliance with legal, ethical and regulatory requirements.
3. It is a primary responsibility of the Committee to review the annual financial statements of Yoho prior to their submission to the board of directors for approval. The process should include but not be limited to:
  - (a) reviewing changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

- (b) reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - (c) reviewing accounting treatment of unusual or non-recurring transactions;
  - (d) ascertaining compliance with covenants under loan agreements;
  - (e) reviewing disclosure requirements for commitments and contingencies;
  - (f) reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - (g) reviewing unresolved differences between management and the external auditors;
  - (h) obtain explanations of significant variances with comparative reporting periods;
  - (i) review of business systems changes and implications;
  - (j) review of authority and approval limits;
  - (k) review of internal controls;
  - (l) review of tax policy issues; and
  - (m) review of emerging accounting issues that could have an impact on the Corporation
4. The Committee is to review the financial statements (and make a recommendation to the board of directors with respect to their approval), interim financial statements, prospectuses, management discussion and analysis (MD&A), annual information forms (AIF) and all public disclosure containing audited or unaudited financial information before release and prior to board approval. The Committee must be satisfied that adequate procedures are in place for the review of Yoho's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the board, the Committee shall:
- (a) recommend to the board the appointment of the external auditors;
  - (b) recommend to the board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee; and
  - (c) when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
6. Review with external auditors (and internal auditor if one is appointed by Yoho) their assessment of the internal controls of Yoho, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and upon completion of the audit, their reports upon the financial statements of Yoho and its subsidiaries.
7. The Committee must pre-approve all non-audit services to be provided to Yoho or its subsidiaries by the external auditors. The Committee may delegate to one or more members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.

8. The Committee shall review risk management policies and procedures of Yoho (i.e. hedging, litigation and insurance), including the annual review of insurance coverage.
9. The Committee shall establish a procedure for:
  - (a) The receipt, retention and treatment of complaints received by Yoho regarding accounting, internal accounting controls or auditing matters; and
  - (b) The confidential, anonymous submission by employees of Yoho of concerns regarding questionable accounting or auditing matters.
10. The Committee shall review and approve Yoho's hiring policies regarding employees and former employees of the present and former external auditors of Yoho.
11. The Committee shall have the authority to investigate any financial activity of Yoho. All employees of Yoho are to cooperate as requested by the Committee.
12. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of Yoho without any further approval of the board.
13. The responsibilities, practices and duties outlined herein are not intended to be comprehensive. The Board of Directors shall consider from time to time any additional areas, which may require review when determining the responsibilities, practices and duties to be assigned to the Audit Committee.

It is confirmed that the Audit Committee shall periodically report the results of reviews undertaken and any associated recommendations to the Board of Directors.

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## APPENDIX F

### INFORMATION CONCERNING STORM RESOURCES LTD.

#### DEFINITIONS

Unless the context indicates otherwise, capitalized terms which are used in this Appendix F and not otherwise defined in this Appendix F have the meanings given to such terms under "*Glossary of Terms*" in the main body of the Information Circular.

In this Appendix F, the following terms have the meanings set forth below.

"**Acquisition**" means the sale of the Assets by the Partnership to Storm effective on January 31, 2014 pursuant to the Asset Purchase and Sale Agreement.

"**Annual MD&A**" means the management's discussion and analysis of financial and operating results for the year ended December 31, 2012.

"**Asset Purchase and Sale Agreement**" means the asset purchase and sale agreement dated January 22, 2014 among Storm, Yoho and the Partnership in respect of the purchase and sale of the Assets;

"**Assets**" means the Montney acreage in the Umbach- Nig area of Northeast British Columbia held by the Partnership and sold to Storm pursuant to the terms and conditions of the Asset Purchase and Sale Agreement.

"**Bellamont**" means Bellamont Exploration Ltd.

"**Bellamont Arrangement**" means the acquisition of Bellamont by Storm on March 23, 2012 pursuant to a plan of arrangement involving Storm, Bellamont and the shareholders of Bellamont.

"**Concurrent Private Placement**" has the meaning ascribed thereto under "*Recent Developments – Concurrent Private Placement*".

"**Credit Facility**" has the meaning ascribed thereto under "*Consolidated Capitalization*".

"**February 2014 Offering**" has the meaning ascribed thereto under "*Recent Developments – February 2014 Offering*".

"**First Preferred Shares**" means first preferred shares in the capital of Storm.

"**IFRS**" means International Financial Reporting Standards.

"**Interim MD&A**" means the management's discussion and analysis of financial and operating results for the three and nine months ended September 30, 2013.

"**November 2013 Offering**" has the meaning ascribed thereto under "*Recent Developments – November 2013 Offering*".

## OIL AND GAS ADVISORIES

**The term barrel of oil equivalent ("Boe") may be misleading, particularly if used in isolation. A Boe conversion ratio of six thousand cubic feet ("Mcf") of natural gas per barrel ("bbl") of oil (6 Mcf: 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. Additionally, given 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 ratio at 6:1 may be misleading as an indication of value.**

### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this Appendix F, and in certain documents incorporated by reference into this Appendix F, constitute forward-looking statements. All forward-looking statements are based on Storm's beliefs and assumptions based on information available at the time the assumption was made. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. By its nature, such forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Storm believes the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this Appendix F should not be unduly relied upon. These statements speak only as of the date of this Appendix F or as of the date specified in the documents incorporated by reference into this Appendix F, as the case may be.

In particular, this Appendix F and the documents incorporated by reference herein contain forward-looking statements pertaining to, but not limited to, the following:

- the use of proceeds from the February 2014 Offering;
- the completion of the February 2014 Offering;
- the performance characteristics of Storm's oil and natural gas properties and the Assets;
- expectations regarding the effect of the Acquisition on Storm;
- Storm's business strategy;
- schedules for and timing of certain projects and Storm's strategy for growth;
- drilling plans;
- projections of commodity prices and costs;
- supply and demand for oil and natural gas;
- future abandonment and reclamation costs;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development; and
- treatment under governmental regulatory regimes.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the material risk factors set forth below, elsewhere in this Appendix F and in the documents incorporated by reference herein:

- the conditions to the completion of the February 2014 Offering may not be satisfied;
- the use of proceeds of the February 2014 Offering by Storm may change if the board of directors of Storm determines that it would be in the best interests of Storm to deploy the proceeds for some other purpose;
- volatility in market prices for oil, natural gas and natural gas liquids;
- risks inherent in oil and natural gas operations;
- initial day production rates not necessarily being indicative of long-term performance or of ultimate recovery;
- failure to realize the anticipated benefits of the Acquisition or other acquisitions;
- unforeseen difficulties in integrating the Assets into Storm's operations;
- uncertainties associated with estimating oil and natural gas reserves;
- unforeseen difficulties in integrating assets acquired through acquisitions into Storm's operations;

- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions and exploration and development programs;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- general business and market conditions;
- changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under "*Risk Factors*" herein and in the AIF, and under "*Risk Assessment*" in the Annual MD&A.

In addition, statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the resources and reserves described can be profitably produced in the future.

With respect to forward-looking statements contained in this Appendix F, Storm has made assumptions regarding, among other things: the timing of obtaining regulatory and third party approvals and completion of the February 2014 Offering; that commodity prices will be consistent with the current forecasts of its engineers; field netbacks; average production rates; costs to drill, complete and tie-in wells; ultimate recovery of reserves; royalty regimes will not be subject to material modification; that Storm will be able to obtain skilled labour and other industry services at reasonable rates; that the timing and amount of capital expenditures and the benefits therefrom will be consistent with Storm's expectations; the impact of increasing competition; that the conditions in general economic and financial markets will not vary materially; that Storm will be able to access capital, including debt, on acceptable terms; that drilling, completion and other equipment will be available on acceptable terms; that government regulations and laws will not change materially; that royalty rates will not change in any material respect; and that future operating costs will be consistent with Storm's expectations.

Storm has included the above summary of assumptions and risks related to forward-looking statements provided in this Appendix F in order to provide investors with a more complete perspective on Storm's current and future operations and such information may not be appropriate for other purposes. Forward-looking statements contained in certain documents incorporated by reference into this Appendix F are based on the key assumptions and are subject to the risks described in such documents. The reader is cautioned that such assumptions, although considered reasonable by Storm at the time of preparation, may prove to be incorrect.

**Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this Appendix F and the documents incorporated by reference herein are expressly qualified by this cautionary statement. Storm is not under any duty to update any of the forward-looking statements in this Appendix F or to conform such statements to actual results or to changes in Storm's expectations and Storm disclaims any intent or obligation to publicly update or revise any forward-looking statements whether as a result of new information, future events or results or otherwise, except as expressly required by applicable securities laws.**

#### NON-IFRS MEASURES

In this Appendix F and in certain of the documents incorporated by reference herein, Storm uses the terms "funds flow from operations", "operating netback" and "netback". These measures are not recognized by IFRS, which comprise Canadian generally accepted accounting principles for publicly accountable enterprises in Canada, and do not have a standardized meaning prescribed by IFRS. Therefore, they may not be comparable to performance measures presented by other issuers.

Funds flow from operations represents cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning obligations. Operating netback represents revenue and realized gain or loss on financial derivatives, less royalties, operating expenses and transportation expenses and has been presented on a per Boe basis. Netback is calculated by deducting royalties paid and production costs, including transportation costs, from prices received, excluding the effects of hedging. Management believes that in addition to net income, funds flow from operations and operating netback are useful supplemental measures as they assist in the determination of Storm's operating performance, leverage and liquidity. Investors should be cautioned, however, that these measures should not be

construed as an alternative to both net income and net cash from operating activities, which are determined in accordance with IFRS, as indicators of Storm's performance.

#### DOCUMENTS INCORPORATED BY REFERENCE

**Information has been incorporated by reference in this Appendix F from documents filed with securities commissions or similar authorities in Canada.** Copies of the documents incorporated by reference herein may be obtained on request without charge from the Chief Financial Officer of Storm at Suite 200, 640 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3G4, telephone (403) 817-6145. These documents are also available through the internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed at [www.sedar.com](http://www.sedar.com).

The following documents, filed with the securities commissions or similar authorities in each of the provinces of Canada, are specifically incorporated by reference in, and form an integral part of, this Appendix F, provided that such documents are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Appendix F or in any other subsequently filed document that is also incorporated by reference in this Appendix F:

- (a) the AIF;
- (b) the audited consolidated statements of financial position of Storm as at December 31, 2012 and 2011, and the audited consolidated statements of loss and comprehensive loss, changes in equity, and statements of cash flows for the years ended December 31, 2012 and 2011, together with the notes thereto and the auditor's report thereon filed on November 8, 2013;
- (c) the unaudited condensed consolidated statements of financial position of Storm as at September 30, 2013 and 2012, the condensed consolidated statements of loss and comprehensive loss, changes in equity, and statements of cash flows for the three month and nine month period ended September 30, 2013 and 2012, together with the notes thereto;
- (d) the Annual MD&A;
- (e) the Interim MD&A;
- (f) the management information circular of Storm dated April 18, 2012 with respect to the annual and special meeting of the shareholders of Storm held on May 17, 2012;
- (g) the management information circular of Storm dated March 28, 2013 with respect to the annual meeting of the shareholders of Storm held on May 16, 2013;
- (h) the material change report in respect of the announcement of the May 2013 Offering dated and filed April 11, 2013;
- (i) the material change report in respect of the completion of the May 2013 Offering dated and filed May 2, 2013;
- (j) the material change report in respect of the announcement of the November 2013 Offering dated and filed October 31, 2013;
- (k) the material change report in respect of the completion of the November 2013 Offering dated and filed November 27, 2013;
- (l) the material change report in respect of the announcement of the Acquisition and the February 2014 Offering dated and filed January 28, 2014; and
- (m) the material change report in respect of the completion of the Acquisition dated and filed February 5, 2014.

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding material change reports filed on a confidential basis), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations, information circulars, annual information forms and business acquisition reports filed by Storm with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Information Circular and before the Effective Date, are deemed to be incorporated by reference in this Appendix F and the Information Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Appendix F to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Appendix F.**

### STORM

Storm was incorporated under the ABCA on June 8, 2010 under the name "1541229 Alberta Ltd." On July 30, 2010, Storm filed Articles of Amendment to change its name to "Storm Resources Ltd." On March 23, 2012, Storm filed Articles of Amalgamation following the completion of the Bellamont Arrangement to amalgamate with Bellamont.

Storm is a reporting issuer (or the equivalent thereof) in each of the provinces of Canada. On August 31, 2010, the Storm Shares were listed and posted for trading on the TSXV under the symbol "SRX".

Storm's registered office is located at 3300, 421 – 7<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 4K9, and its head and principal office is located at Suite 200, 640 – 5<sup>th</sup> Avenue S.W., Calgary, Alberta, T2P 3G4.

### Intercorporate Relationships

As of the date hereof, Storm has one wholly-owned subsidiary, Storm Gas Resource Corp., which is incorporated under the ABCA.

### THE BUSINESS OF STORM

Storm is engaged in the exploration for, and the acquisition, development and production of, oil and natural gas reserves in the provinces of Alberta and British Columbia. Storm is focused on a selective combination of exploratory and development drilling opportunities, along with strategic asset and corporate acquisitions where Storm believes further exploitation, development and exploration opportunities exist. Storm's main areas of activity are located in the Horn River Basin and Umbach areas of north eastern British Columbia and the Grimshaw and Grand Prairie areas of north western Alberta.

For further information on Storm and its business activities, see "*General Development of the Business*", "*Description of the Business*" and "*Statement of Reserves Data and Other Oil and Gas Information*" in the AIF, which is incorporated by reference herein.

## RECENT DEVELOPMENTS

### *May 2013 Offering*

On May 1, 2013, Storm issued an aggregate of 15,580,000 Storm Shares, at a price of \$1.88 per share, for aggregate gross proceeds of \$29,290,400 (the "**May 2013 Offering**") pursuant to a bought deal financing and concurrent non-brokered private placement.

### *November 2013 Offering*

On November 19, 2013, Storm issued an aggregate of 10,100,000 Storm Shares, at a price of \$3.35 per share, for aggregate gross proceeds of \$33,835,000 (the "**November 2013 Offering**") pursuant to a bought deal financing and concurrent non-brokered private placement.

### *February 2014 Offering*

On January 23, 2014, Storm announced that it intended to issue up to 8,500,000 Storm Shares, at a price of \$4.10 per share, for aggregate gross proceeds of up to \$34,850,000 (the "**February 2014 Offering**") pursuant to a bought deal financing and concurrent non-brokered private placement. The February 2014 Offering is anticipated to close on February 14, 2014.

### *Asset Acquisition*

On January 22, 2014, Storm entered into the Asset Purchase and Sale Agreement whereby Storm agreed to acquire the Assets. On January 31, 2014, Storm completed the Acquisition for total consideration of approximately \$87.9 million, comprised of: (i) approximately \$30.0 million in cash; and (ii) the issuance of 13,629,442 Storm Shares with a deemed value of \$4.25 per share, being the closing price of the Storm Shares on the TSXV on January 30, 2014. The cash consideration payable pursuant to the Acquisition was satisfied from funds advanced under the Credit Facility.

## DESCRIPTION OF SHARE CAPITAL

The authorized capital of Storm consists of an unlimited number of Storm Shares and an unlimited number of First Preferred Shares, issuable in series. As at the date hereof (and for greater certainty, prior to the completion of the February 2014 Offering), an aggregate of 101,112,312 Storm Shares are issued and outstanding and no First Preferred Shares are issued or outstanding. Storm has not declared or paid any dividends on its Storm Shares since incorporation. Any decision to pay dividends on the Storm Shares will be made by the Board on the basis of Storm's earnings, financial requirements and other conditions existing at such future time and in accordance with applicable laws.

The following is a summary of the rights, privileges, restrictions and conditions that attach to the Storm Shares and the First Preferred Shares.

### *Storm Shares*

Storm is authorized to issue an unlimited number of Storm Shares. Holders of Storm Shares are entitled to one vote per share at meetings of holders of Storm Shares, to receive dividends if, as and when declared by the Board and to receive pro rata the remaining property and assets of Storm upon its liquidation, dissolution or winding up, subject to the rights of shares having priority over the Storm Shares.

### *First Preferred Shares*

Storm is authorized to issue an unlimited number of First Preferred Shares without nominal or par value. First Preferred Shares have priority over Storm Shares in the event of liquidation, dissolution or winding up of Storm.

### CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of Storm as at September 30, 2013: (i) before giving effect to the November 2013 Offering, the Acquisition and the February 2014 Offering; (ii) after giving effect to the November 2013 Offering but before giving effect to the Acquisition and the February 2014 Offering; (iii) after giving effect to the November 2013 Offering and the Acquisition but before giving effect to the February 2014 Offering; and (iv) after giving effect to the November 2013 Offering, the Acquisition and the February 2014 Offering.

(\$ amounts in '000s)	As at September 30, 2013 before giving effect to the November 2013 Offering, the Acquisition and the February 2014 Offering	As at September 30, 2013 after giving effect to the November 2013 Offering but before giving effect to the Acquisition and the February 2014 Offering <sup>(3)</sup>	As at September 30, 2013 after giving effect to the November 2013 Offering and the Acquisition but before giving effect to the February 2014 Offering <sup>(3)(4)</sup>	As at September 30, 2013 after giving effect to the November 2013 Offering, the Acquisition and the February 2014 Offering <sup>(1)(3)(4)</sup>
<b>Credit Facility<sup>(2)</sup></b>				
Authorized	\$52,000	\$52,000	\$52,000	\$52,000
Credit Facility Drawn	\$27,874	\$nil	\$25,896	\$nil <sup>(6)</sup>
Share Capital <sup>(5)</sup>	\$220,889	\$252,867	\$310,792	\$343,806
Storm Shares (unlimited) <sup>(5)</sup>	77,382,870 Storm Shares	87,482,870 Storm Shares	101,112,312 Storm Shares	109,612,312 Storm Shares
First Preferred Shares (unlimited)	Nil	Nil	Nil	Nil

**Notes:**

- (1) Based on the issuance of 8,500,000 Storm Shares pursuant to the February 2014 Offering for aggregate gross proceeds of \$34,850,000 less the underwriting fee of \$1,486,250 payable pursuant to the bought deal component of the February 2014 Offering, after deducting estimated expenses of the February 2014 Offering of \$350,000 (exclusive of GST).
- (2) As at September 30, 2013, Storm had an extendible revolving bank facility (the "**Credit Facility**") with a borrowing base of \$52,000,000, based on Storm's producing reserves. On November 14, 2013, the borrowing base under the Credit Facility was increased to \$65,000,000. As at February 4, 2014, Storm had approximately \$40.3 million drawn under the Credit Facility, which includes the approximately \$30 million paid as a portion of the consideration for the Assets acquired pursuant to the Acquisition. The Credit Facility is subject to renewal by April 30, 2014. See "*Risk Factors – Credit Facility Risk*".
- (3) The table gives effect to the issuance on November 19, 2013, of 10,100,000 Storm Shares at a price of \$3.35 per Common Share for aggregate net proceeds of \$31,978,000. A portion of the net proceeds of the November 2013 Offering was used to pay down the outstanding indebtedness under the Credit Facility.
- (4) The table gives effect to 13,629,442 Storm Shares issued pursuant to the Acquisition, based on a deemed price of \$4.25 per Storm Share. See "*Recent Development – Asset Acquisition*".
- (5) The table does not include the 3,896,500 options to purchase Storm Shares outstanding as of the date hereof. See "*Prior Sales*".
- (6) Assuming that net proceeds of the February 2014 Offering, after deducting the underwriting fee for the bought deal component of the February 2014 Offering and estimated expenses of the February 2014 Offering of \$350,000 (exclusive of GST) are immediately used to pay down the outstanding indebtedness under the Credit Facility on closing of the February 2014 Offering. See "*Use of Proceeds*".

### PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The outstanding Storm Shares are traded on the TSXV under the trading symbol "SRX". The following table sets forth the price range and trading volume of the Storm Shares as reported by the TSXV for the periods indicated.

<u>Period</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>Volume</u>
<u>2013</u>			
February	1.87	1.45	1,389,208
March	2.15	1.71	1,128,746
April	2.15	1.87	3,764,356
May	2.50	2.00	3,833,430
June	2.70	2.23	929,337
July	3.19	2.60	1,110,534
August	3.49	2.73	2,496,975
September	3.80	3.41	2,526,602
October	3.77	3.29	2,917,478
November	4.01	3.50	2,109,211
December	4.26	3.66	1,069,159
<u>2014</u>			
January	4.50	3.82	10,503,639
February 1-12 <sup>(1)</sup>	4.73	4.15	1,240,292

**Note:**

- (1) On February 12, 2014, the closing price of the Storm Shares on the TSXV was \$4.64.

### PRIOR SALES

#### Storm Shares

Except as disclosed below, within the twelve month period prior to the date of this Information Circular, Storm has not issued any Storm Shares or any convertible security to purchase Storm Shares.

On March 11, 2013, Storm granted Options to purchase an aggregate of up to 50,000 Storm Shares, all with an exercise price of \$1.86 per Common Share.

On May 1, 2013, Storm issued an aggregate of 15,580,000 Storm Shares, at a price of \$1.88 per share, for aggregate gross proceeds of \$29,290,400. See "*Recent Developments – May 2013 Offering*".

On November 19, 2013, Storm issued an aggregate of 10,100,000 Storm Shares, at a price of \$3.35 per share, for aggregate gross proceeds of \$33,835,000. See "*Recent Developments – November 2013 Offering*".

On January 31, 2014, Storm issued an aggregate of 13,629,442 Storm Shares to the Vendor pursuant to the Acquisition at a deemed issue price of \$4.25 per share. See "*Recent Developments – Asset Acquisition*".

### RISK FACTORS

An investment in the Storm Shares involves a number of risks. Before investing, prospective purchasers of Storm Shares should carefully consider, in light of their own financial circumstances, the factors set out below, as well as other information and risk factors contained in or incorporated by reference in this Appendix F, including those risk factors set forth under the heading "*Risk Factors*" at pages 37 through 41, inclusive, of the AIF, and those risk factors set forth under the heading "*Risk Assessment*" of the Annual MD&A, which are incorporated by reference herein.



### **Possible Failure to Realize Anticipated Benefits of the Acquisition**

Storm anticipates that the Acquisition will strengthen its position in the oil and natural gas industry and create opportunities to realize certain benefits including, among other things, potential cost savings and future growth in production and reserves. Achieving the benefits of the Acquisition and any future acquisitions Storm may complete will depend in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner, as well as Storm's ability to realize the anticipated growth opportunities and synergies from combining the Assets and operations with those of Storm. The integration of the Assets requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect Storm's ability to achieve the anticipated benefits of the Acquisition and any future acquisitions.

### **Evaluation of the Acquisition**

Acquisitions of oil and natural gas properties or companies are based in large part on engineering, environmental and economic assessments made by the acquiror, independent engineers and consultants. These assessments include a series of assumptions regarding such factors as recoverability and marketability of oil and natural gas, environmental restrictions and prohibitions regarding releases and emissions of various substances, future prices of oil and gas and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of Storm. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in lower production and reserves or higher operating or capital expenditures than anticipated.

Although title and environmental reviews are conducted prior to any purchase of reserve or resource assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat Storm's title to certain assets or that environmental defects or deficiencies do not exist.

### **Credit Facility Risk**

Storm has the Credit Facility as described under "*Consolidated Capitalization*". The current Credit Facility is subject to renewal by April 30, 2014. There is a risk that the Credit Facility will not be renewed for the same amount or on the same terms. Although Storm believes that the Credit Facility will be sufficient for its immediate requirements, there can be no assurance that the amount will be adequate for Storm's future financial obligations including its capital expenditure program, or that additional funds will be available under the Credit Facility or from other sources.

Storm is required to comply with its covenants under the Credit Facility. In the event that Storm does not comply with its covenants under the Credit Facility, access to the Credit Facility could be restricted or accelerated repayment could be required by its lenders and debt service costs would likely increase.

### **Volatility of Market Price of Storm Shares**

The market price of the Storm Shares may be volatile. The volatility may affect the ability of holders to sell the Storm Shares at an advantageous price. Market price fluctuations in the Storm Shares may be due to Storm's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by Storm or its competitors, along with a variety of additional factors, including, without limitation, those set forth under the heading "*Special Note Regarding Forward-Looking Statements*". In addition, the market price for securities in the stock markets, including the TSXV, are subject to significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating performance. These broad market fluctuations may adversely affect the market price of the Storm Shares.

**Forward-Looking Statements may Prove Inaccurate**

Investors are cautioned not to place undue reliance on forward-looking information in this Appendix F. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

**Impact of Future Sales on Market Price**

In order to finance future operations, Storm may raise funds through the issuance of shares or the issuance of debt instruments or securities convertible into Storm Shares. Storm cannot predict the size of future issuances of Storm Shares or the issuance of debt instruments or other securities convertible into Storm Shares or the effect, if any, that future issuances and sales of Storm's securities will have on the market price of the Storm Shares.



