

YANGARRA RESOURCES LTD.
Suite 1530, 715 – 5th Avenue S.W.
Calgary, Alberta T2P 2X6

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON TUESDAY, MAY 27, 2014

TAKE NOTICE that an Annual and Special Meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of Yangarra Resources Ltd. (the “**Corporation**”) will be held at the **Tillyard Management Conference Centre, Main Floor, 715 - 5th Avenue SW, Calgary, Alberta, on Tuesday, May 27, 2014 at 10:00 a.m. (Calgary time)** for the following purposes:

- (1) to receive the financial statements of the Corporation for the financial year ended December 31, 2013, together with the auditor's report thereon;**
- (2) to consider fixing the number of directors to be elected at the Meeting and to elect directors for the Corporation for the ensuing year;**
- (3) to appoint the auditors for the Corporation;**
- (4) to consider the annual approval of the Corporation's stock option plan;**
- (5) to consider and, if thought advisable, to pass, with or without modification, a special resolution of the Shareholders that the issued and outstanding Common Shares of the Corporation be consolidated on the basis of three (3) old Common Shares for one (1) new Common Share;**
- (6) to consider and, if thought advisable, approve an ordinary resolution to confirm and ratify the Advance Notice By-law of the Corporation; and**
- (7) to transact such other business as may properly come before the Meeting.**

Only holders of the Common Shares of the Corporation of record at the close of business on April 22, 2014 (the “**Record Date**”) are entitled to notice of and to participate at the Meeting and only such persons or those who become holders of Common Shares after the Record Date and comply with the provisions of the *Business Corporations Act* (Alberta) are entitled to vote at the Meeting. If you are unable to attend in person, kindly fill in, sign and return the enclosed proxy in the envelope provided for that purpose.

Proxies, to be valid, must be deposited at the office of the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada, 8th Floor Proxy Dept., 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays before the Meeting or any adjournments thereof.

Information relating to the matters to be brought before the Meeting is set forth in the Information Circular accompanying this Notice of Meeting.

DATED at Calgary, Alberta this 22nd day of April, 2014.

BY ORDER OF THE BOARD OF DIRECTORS OF
YANGARRA RESOURCES LTD.

“James G. Evaskevich”

James G. Evaskevich
President & CEO

YANGARRA RESOURCES LTD.

Suite 1530, 715 – 5th Avenue S.W.
Calgary, Alberta T2P 2X6

MANAGEMENT INFORMATION CIRCULAR

Dated April 22, 2014

This management information circular (the “**Information Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Yangarra Resources Ltd. (the “**Corporation**”) for use at the annual and special meeting of the holders (“**Shareholders**”) of the Common Shares of the Corporation (“**Common Shares**”) to be held Tuesday, May 27, 2014 at 10:00 a.m. (Calgary time) at Tillyard Management Conference Centre, Main Floor, 715 - 5th Avenue SW, Calgary, Alberta (the “**Meeting**”) and at any adjournment thereof for the purposes set out in the Notice of Meeting accompanying this Information Circular. Unless otherwise noted, information in this Information Circular is given as at April 22, 2014.

SOLICITATION OF PROXIES

Proxies are being solicited primarily by mail, but may also be solicited by e-mail, facsimile or oral communication by the directors, officers and employees of the Corporation, at no additional compensation. The Corporation has retained Georgeson Shareholder Communications Canada Inc., 11th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (“**Georgeson**”) to assist with communications with shareholders and the solicitation of proxies. In connection with these services, Georgeson will receive an initial fee of \$25,000. In addition, Georgeson will be reimbursed for disbursements and out of pocket expenses, as well as an additional \$6.00 fee for each telephone call. If you have any questions about how to vote your Common Shares, please contact Georgeson by its North American Toll Free Number 1-866-374-9187 or by email at askus@georgeson.ca.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are officers of the Corporation. A Shareholder has the right to appoint a person (who needs not be a Shareholder) other than James G. Evaskevich and James A. Glessing, the management designees, to attend and represent the Shareholder and act on the Shareholder's behalf at the Meeting. Such right may be exercised by inserting in the blank space provided in the accompanying form of proxy the name of the person to be designated or by completing another proper form of proxy and, in either case, depositing the form of proxy with the registrar and transfer agent of the Corporation, Computershare Trust Company of Canada (“**Computershare**”). A proxy will not be valid unless the completed, dated and signed form of proxy is delivered to Computershare, 8th Floor Proxy Dept., 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment of the Meeting.

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy, prior to the revocation. A Shareholder may revoke a proxy by depositing an instrument in writing, executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation:

1. Computershare, 8th Floor Proxy Dept., 100 University Avenue, Toronto, Ontario, M5J 2Y1, at any time, not less than 48 hours, excluding Saturdays, Sundays and statutory holidays, preceding the Meeting or an adjournment of the Meeting at which the proxy is to be used; or

2. at the registered office of the Corporation, Suite 1530, 715 - 5 Avenue S.W., Calgary, Alberta, T2P 2X6, at any time up to and including the last business day preceding the day of the Meeting or an adjournment of the Meeting at which the proxy is to be used; or
3. with the chairman of the Meeting on the day of the Meeting or an adjournment of the Meeting.

In addition, a proxy may be revoked by the Shareholder executing another form of proxy bearing a later date and depositing same at Computershare, within the time period set out under the heading “Voting of Proxies”, or by the Shareholder personally attending the Meeting and voting his or her Common Shares or in any other manner permitted by law.

VOTING OF PROXIES

All Common Shares represented at the meeting by properly executed proxies will be voted by the persons named in the proxy and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented thereby will be voted or withheld from voting in accordance with such specifications. **In the absence of any such specifications by the Shareholder, such Common Shares will be voted IN FAVOUR of all the matters set out herein.**

The enclosed form of proxy confers discretionary authority upon the management designees, or other persons appointed as proxy-holders thereunder, with respect to any amendments to or variations of matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting. As of the date of this Information Circular, the management of the Corporation is not aware of any such amendments, variations or other matters which may come before the Meeting other than matters referred to in the accompanying Notice of Meeting.

ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES ON VOTING THEIR COMMON SHARES

The information set forth in this section is of significant importance to many shareholders who hold Common Shares through brokers and their nominees, as a substantial number of shareholders do not hold Common Shares in their own name.

Shareholders who hold their Common Share through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records maintained by the Corporation’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder’s name. Such Common Shares will more likely be registered under the name of the Shareholder’s broker or an agent of the broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such Common Shares are registered under the name Cede & Co. (the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms). Common Shares held by brokers (or their agents) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. Each Beneficial Shareholder should therefore ensure that the voting instructions are communicated to the appropriate person well in advance of the Meeting.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to the registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder.

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to the Corporation are called Non-Objecting Beneficial Owners (“**NOBOs**”). Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to the Corporation are called Objecting Beneficial Owners (“**OBOs**”).

In accordance with the requirements of National Instrument 54-101 “Communication with Beneficial Owners” of the Canadian Securities Administrators (“**NI 54-101**”), the Corporation has elected to send the Corporation’s accompanying Notice of Meeting and this Information Circular (collectively, the “**Meeting Materials**”) directly to NOBOs, and indirectly through intermediaries to the OBOs. The Corporation is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy-related materials in connection with the Meeting.

The intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. Intermediaries will frequently use service companies to forward the Meeting Materials to the OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- a) be given a form of proxy which has already been signed by the intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare; or
- b) more typically, be given a voting instruction form (“**VIF**”) which is not signed by the intermediary, and which, when properly completed and signed by the OBO and returned to the intermediary or its service company, will constitute instructions the intermediary must follow.

The Corporation will be paying for intermediaries to deliver to OBOs (who have not otherwise waived their rights to receive proxy-related materials) copies of the Meeting Materials and related documents.

The Meeting Materials are being sent to both registered Shareholders of the Corporation and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Meeting Materials sent to the NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by the NOBO.

VIFs, whether provided by the Corporation or by an intermediary, should be completed and returned in accordance with the specific instructions of the VIF. The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares which they beneficially own. Should

a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on the Beneficial Shareholder's behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder, or the Beneficial Shareholder's nominee, the right to attend and vote at the Meeting.

A Beneficial Shareholder who receives a VIF cannot use the form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to the intermediary (or instructions respecting the voting Common Shares must otherwise be communicated to the intermediary) well in advance of the meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or intermediary for assistance.

Although a Beneficial Shareholder may not be recognized at the Meeting for the purpose of voting Common Shares registered in the name of the broker, a Beneficial Shareholder may attend the meeting as proxy-holder for the registered Shareholder and vote Common Shares in that capacity. **Beneficial Shareholder who wish to attend the meeting and indirectly vote their Common Shares as proxy-holder for the registered holder, should contact their broker, agent or nominee well in advance of the Meeting to determine the step necessary to permit them to indirectly vote their Common Shares as a proxy-holder.**

All reference to Shareholders in this Information Circular and the accompanying form or proxy and Notice are to registered Shareholders unless specifically stated otherwise.

RECORD DATE, VOTING SECURITIES AND TEN PERCENT HOLDERS THEREOF

The Shareholders of record at the close of business on the record date, set by the directors of the Corporation to be April 22, 2014 (the "**Record Date**"), are entitled to notice of, and to attend and vote at, the Meeting, except to the extent that: (i) such person transfers ownership of any of his or her Common Shares after the Record Date; (ii) the transferee of those Common Shares produces properly endorsed share certificates or otherwise establishes his or her ownership to the Common Shares; and (iii) the transferee makes a demand to Computershare, not later than ten (10) days before the Meeting, that his or her name be included on the Shareholders' list, in which case the transferee shall be entitled to attend and vote his or her shares at the Meeting.

As at the Record Date, 147,942,008 Common Shares were issued and outstanding. The Common Shares are entitled to be voted at the Meeting on the basis of one vote for each Common Share. The Corporation does not have any other class of voting securities outstanding.

To the knowledge of the directors and executive officers of the Corporation, as of the date hereof, no person or company beneficially owned, controlled or directed, directly or indirectly, voting securities of the Corporation carrying ten percent (10%) or more of the voting rights attached to any class of voting securities of the Corporation.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's directors and executive officers, the only matters to be placed before the Shareholders at the Meeting are those matters set forth in the Corporation's accompanying Notice of Meeting relating to: (i) the receipt of the audited financial statements of the Corporation for the financial year ended December 31, 2013 and the auditor's report thereon; (ii) the fixing of the number of directors to be elected at the Meeting and the election of the directors of the Corporation for the ensuing year; (iii) the appointment of the auditors for the Corporation; (iv) the annual approval of the Corporation's incentive stock option plan; (v) a special resolution respecting the consolidation of the Common Shares; and (vi) an ordinary resolution to confirm and ratify the Advance Notice By-law of the Corporation.

I. Financial Statements

The Corporation will submit to the Shareholders at the Meeting the audited financial statements for the year ended December 31, 2013 together with the auditors' report thereon, but no vote by the Shareholders with respect thereto is required or proposed to be taken. The audited financial statements of the Corporation for the year ended December 31, 2013 are available on the Canadian System for Electronic Document Analysis and Retrieval (“SEDAR”) which can be accessed at www.sedar.com. The audited financial statements have been approved by the Audit Committee and the board of directors of the Corporation (the “**Board of Directors**”).

II. Election of Directors

The Board of Directors currently consists of five (5) directors, all of whom are elected annually. The term of office for each of the present directors of the Corporation expires at the Meeting. It is proposed that the number of directors to be elected at the Meeting for the ensuing year be fixed at five (5). At the Meeting, the Shareholders will be asked to consider and, if thought advisable approve an ordinary resolution to fix the number of directors to be elected at the Meeting. **It is the intention of the management designees, if named as proxy, to vote FOR setting the number of directors to be elected at five (5), unless a Shareholder has specified in its proxy that its Common Shares are to be voted against such resolution.**

Each director elected at the Meeting will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation, unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Alberta) (the “**ABCA**”) or the by-laws of the Corporation. **It is the intention of the management designees, if named as proxy, to vote FOR the election of the persons listed in the table below to the Board of Directors, unless a Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the election of directors.**

The Board of Directors has adopted an individual voting standard for the election of directors. Under such individual voting standard, in the event that any nominee for election receives more “Withheld” votes than “For” votes at any meeting at which shareholders vote on the uncontested election of directors, the Board of Directors will consider the result and if deemed to be in the best interest of the Corporation and its shareholders, may request that such nominee tender their resignation from the Board of Directors in a manner that facilitates an orderly transition. It is anticipated that any decision necessitated in the circumstances outlined in the preceding sentence will be made within ninety days and the Board of Directors may fill any vacancy created thereby.

The following table sets out information in respect of each of the nominees for director of the Corporation, and is based on information received by the Corporation from the nominees.

Name, Residence and Position	Principal Occupation Last 5 Years	Director Since	Number of Common Shares Owned Directly or Indirectly
James G. Evaskevich ⁽²⁾ Calgary, Alberta <i>President, Chief Executive Officer, and Director</i>	President and Chief Executive Officer of the Corporation since December 2001.	Dec 19, 2001	6,699,060 ⁽³⁾
Gordon A. Bowerman ⁽¹⁾⁽²⁾ Calgary, Alberta <i>Chairman</i>	President of Cove Resources Ltd., a private oil and gas company based in Calgary, since 1987.	Dec 19, 2001	11,078,972 ⁽⁴⁾
Robert D. Weir ⁽¹⁾⁽²⁾ Calgary, Alberta <i>Director</i>	President of Weir Resource Management Ltd., a private company based in Calgary, since 1981.	Nov 11, 2003	939,455 ⁽⁵⁾
Frederick (Ted) L. Morton ⁽¹⁾⁽²⁾ Calgary, Alberta <i>Director</i>	Professor at the University of Calgary (1981 – present) and MLA, Foothills Rockyview (2004 – 2012).	Feb 25, 2014	Nil
Neil M. MacKenzie ⁽¹⁾⁽²⁾ Calgary, Alberta <i>Director</i>	Vice President of Blackstone Drilling Fluids Ltd. (2010 – present), Vice President New Park Resources (1976 – 2010) and President Challenger Energy Corp. (2004 – 2007).	Feb 25, 2014	200,000

Notes:

- (1) Member of the Audit Committee of the Board of Directors.
- (2) Member of Compensation Committee and Corporate Governance and Nominating Committee.
- (3) Includes 2,811,213 Common Shares owned by Grassy Island Ranch Ltd., a private company controlled by Mr. Evaskevich.
- (4) Includes 807,163 Common Shares owned by the spouse of Mr. Bowerman, and 1,679,070 Common Shares owned by Cove Resources Ltd., a private company controlled by Mr. Bowerman.
- (5) Includes 89,166 Common Shares owned by Weir Resource Management Ltd., and 3,800 Common Shares owned by Wild Bull Ltd., private companies controlled by Mr. Weir.

Ownership of Shares

The proposed directors of the Corporation as a group currently own, or exercise control or direction over, directly or indirectly, 18,917,487 Common Shares, representing 12.8% of the outstanding Common Shares.

Commission Orders

To the knowledge of management of the Corporation, other than as disclosed herein, no proposed director is, as at the date hereof, or has been within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Corporation) that (a) was subject to 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. For the purposes hereof, “order” means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Neil M. MacKenzie was a director of BakBone Software Incorporated (“BakBone”). In October 2004, BakBone announced that, in conjunction with a change of accountants, it would not be in a position to file its quarterly report on Form #10-Q for the September 30, 2004 period and consequently, on December 4, 2004, each of the Alberta, British Columbia and Ontario Securities Commissions issued cease trade orders against BakBone to the effect that all trading in the securities of BakBone cease until it filed its financial statements in accordance with Canadian securities legislation. The outstanding financial statements have since been filed and the cease trade orders have been lifted.

Bankruptcies

Other than as disclosed below, no proposed director of the Corporation is, as of the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal to creditors 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.

On October 7, 2009, the Corporation filed a proposal to restructure under Part III Division I of the *Bankruptcy and Insolvency Act* (Canada), including a plan to merge with Athabaska Energy Ltd. At the time of the Restructure Proposal, the directors of the Corporation consisted of James Evaskevich, Gordon Bowerman, Robert Weir and Arthur Dumont.

No proposed director of the Corporation has, within 10 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 his assets.

Penalties or Sanctions

No proposed director of the Corporation has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

III. Appointment of Auditors

The Board of Directors has recommended that KPMG LLP, Chartered Accountants (“KPMG”), be appointed as auditors of the Corporation for the ensuing year. KPMG were first appointed auditors of the Corporation by the Board of Directors on February 6, 2013 and by the Shareholders on May 22, 2013. At the Meeting, Shareholders will be asked to appoint KPMG as auditors of the Corporation to serve until the close of the next annual meeting of the Shareholders at a remuneration to be fixed by the Board of Directors.

It is the intention of the management designees, if named as proxy, to vote FOR the appointment of KPMG as auditors of the Corporation, at a remuneration to be fixed by the Board of Directors, unless a Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the appointment of auditors.

IV. Incentive Stock Option Plan

At the Corporation's last annual meeting, held on May 22, 2013, the Shareholders approved the Corporation's current stock option plan (the "**Stock Option Plan**"). Under the Stock Option Plan, the Board of Directors may grant options to purchase Common Shares up to 10% of the issued number of Common Shares outstanding at the date of the stock option grant. On this basis, the Stock Option Plan has been operated as a "Rolling Plan", which must be approved by the Shareholders on an annual basis under the policies of the TSX Venture Exchange (the "**Exchange**"). Accordingly, Shareholders will be asked at the Meeting to vote on a resolution to approve the Stock Option Plan, for the ensuing year, in the form attached as Schedule "A" hereto.

The Stock Option Plan provides that the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares, as permitted by the policies of the Exchange. As at the date hereof, this represents 14,794,201 Common Shares available under the Stock Option Plan. Options to purchase a total of 13,685,000 Common Shares issued to directors, officers, employees and consultants of the Corporation are presently outstanding.

The number of Common Shares reserved for any one person may not exceed 5% of the issued and outstanding Common Shares. The Board of Directors determines the price per Common Share and the number of Common Shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the Exchange. The price per Common Share set by the Board of Directors is subject to minimum pricing restrictions set by the Exchange.

Options may be exercisable for up to five years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. Options under the Stock Option Plan are non-assignable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of Common Shares purchasable by the holder immediately prior to the time of his or her cessation of office or employment and the holder shall have no right to purchase any other Common Shares. Options may be exercised for a period of 30 days from the date of termination of employment or cessation of position with the Corporation, or such other period established by the Board of Directors, provided that if the cessation of office, directorship, employment or consulting arrangement was by reason of death or disability, the option may be exercised for a period of 180 days from the date of the death or the entitlement to long-term disability payments, respectively.

Management of the Corporation believes that it would be in the best interest of the Corporation to reapprove the Stock Option Plan to align the interest of directors, officers, employees and consultants of the Corporation to the growth and development of the Corporation by providing them with the opportunity through stock options to acquire an increased proprietary interest in the Corporation.

It is the intention of the management designees, if named as proxy, to vote FOR approval of the Stock Option Plan, unless a Shareholder has specified in its proxy that its Common Shares are to be voted against such resolution.

The resolution must be approved by a simple majority of the votes cast at the meeting. If the Stock Option Plan is not re-approved by the Shareholders, the Corporation will have to consider other methods of compensating and providing incentives to directors, officers, employees and consultants.

V. Consolidation of Common Shares

Background

The Board believes that it is in the best interests of the Corporation to consolidate the Common Shares (the “**Share Consolidation**”) to enhance their marketability and liquidity and to facilitate additional financings by the Corporation in the future. At the Meeting, Shareholders will be asked to consider and, if though advisable, pass a special resolution consolidating the issued and outstanding Shares of the Corporation on the basis of three (3) old Common Shares for one (1) new Common Share.

Effect of Share Consolidation

The Board believes that the Share Consolidation will increase the marketability and liquidity of the Shares. The number of issued and outstanding Common Shares will be reduced from 147,942,008 to approximately 49,314,002 based on the current consolidation ratio of three (3) old Common Shares for one (1) new Common Share. The Share Consolidation may result in some Shareholders owning “odd lots” of less than 100 Shares which may be more difficult or costly to sell.

In the event that the Share Consolidation would otherwise result in a Shareholder of the Corporation holding a fraction of a Common Share, it is intended that the aggregate number of Common Shares will be rounded up to the next closest whole number of Common Shares.

Effect on Share Certificates and Direct Registration Advices

If the Share Consolidation is approved by the Shareholders, receives all necessary regulatory approvals and is implemented by the Board of Directors, the registered Shareholders will be required to exchange their Common Share certificates representing pre-consolidation Common Shares for Direct Registration Advices representing post-consolidation Common Shares. Registered Shareholders will be sent a letter of transmittal by Computershare. The letter of transmittal will contain instructions on how to surrender Common Share certificate(s) representing pre-consolidation Common Shares to Computershare. Computershare will forward to each registered Shareholder who has sent the required documents a Direct Registration Advice representing the number of post-consolidation Common Shares to which the Shareholder is entitled. Until surrendered, each Common Share certificate representing pre-consolidation Common Shares of the Corporation will be deemed for all purposes to represent the number of whole post-consolidation Common Shares to which the holder is entitled as a result of the Share Consolidation.

A registered Shareholder who presently has a Direct Registration Advice with respect to its pre-consolidated Common Shares will automatically be sent a new Direct Registration Advice representing its post-consolidation Common Shares.

No Dissent Rights

Under the ABCA, Shareholders do not have dissent and appraisal rights with respect to the Share Consolidation.

Resolution

Shareholders of the Corporation will be asked at the Meeting to consider and, if thought fit, to approve the following special resolution:

“BE IT RESOLVED as a special resolution of the Shareholders of the Corporation that:

1. subject to receipt of all necessary regulatory approvals, the Articles of Incorporation of the Corporation be amended to consolidate the Common Shares of the Corporation on the basis of three (3) old Common Shares for one (1) new Common Share;
2. any director or officer of the Corporation is authorized and directed for and in the name of and on behalf of the Corporation to execute and deliver or cause to be delivered Articles of Amendment pursuant to section 173(1)(f) of the *Business Corporations Act* (Alberta) and to execute and deliver or cause to be delivered all documents and to take any action which, in the opinion of that person, is necessary or desirable to give effect to this special resolution;
3. notwithstanding that this special resolution has been duly passed by the holders of the Common Shares of the Corporation, the directors of the Corporation may in their sole discretion revoke this special resolution in whole or in part at any time prior to its being given effect without further notice to, or approval of, the holders of the Common Shares of the Corporation; and
4. any one director or officer of the Corporation be and the same is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under corporate seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

It is the intention of the management designees, if named as proxy, to vote FOR the special resolution approving the Share Consolidation, unless a Shareholder has specified in its proxy that its Common Shares are to be voted against the special resolution.

The special resolution requires the approval of at least two-thirds of the votes cast at the Meeting.

VI. Advance Notice By-law

On March 25, 2014, the Board approved an amendment to the By-laws of the Corporation (the “**Advance Notice By-law**”), the text of which is reproduced in Schedule “C” to this Information Circular. Among other things, the Advance Notice By-law fixes a deadline by which Shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of Shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

The Advance Notice By-law allows the Corporation and its Shareholders to receive adequate prior notice of director nominations, as well as sufficient information on all the nominees. The Corporation and its Shareholders will thus be able to evaluate the proposed nominees’ qualifications and suitability as directors. The Advance Notice By-law will also help facilitate an orderly and efficient meeting process.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to adopt the following resolution in order to confirm and ratify the Advance Notice By-law:

“BE IT RESOLVED as an ordinary resolution of the Shareholders of the Corporation that:

1. the advance notice by-law adopted by the Board of the Corporation, the text of which is reproduced in Schedule “C” to the Information Circular dated April 22, 2014, be ratified and confirmed as a by-law of the Corporation; and

2. any one officer or director of the Corporation be and is hereby authorized to execute, deliver and file all such agreements and documents, and to take all actions, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolution.”

It is the intention of the management designees, if named as proxy, to vote FOR the resolution ratifying the Advance Notice By-law, unless a Shareholder has specified in its proxy that its Common Shares are to be voted against the resolution.

The resolution ratifying the Advance Notice By-law must be passed by a majority of the votes cast on this matter by Shareholders present in person or by proxy at the Meeting. If the Advance Notice By-law is not ratified at the Meeting, it will cease to be effective.

EXECUTIVE COMPENSATION

The Form 51-102F6 *Statement of Executive Compensation*, defines “Named Executive Officers” as the Chief Executive Officer (“CEO”), the Chief Financial Officer (“CFO”) and each of the Corporation's three most highly compensated officers, other than the CEO and CFO, who were serving as officers at the end of the most recent fiscal year and whose total compensation amounted to \$150,000 or more.

Executive Compensation

Design and Objectives

The Corporation's executive compensation program is designed to provide incentives for the enhancement of Shareholder value, the successful implementation of the Corporation's business plan and improvement in corporate performance. The program is based on a pay-for-performance philosophy and is comprised of the following components: base salary, discretionary annual incentives and long-term incentives.

The overall objectives of the program are:

- to align the executive compensation with Shareholders interests;
- to attract and retain qualified management critical to the Corporation's success;
- to provide fair and competitive compensation; and
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results.

The Compensation Committee and Board of Directors annually review and approve the compensation packages, including salary level, bonus potential and entitlement and participation in long term incentives. The Compensation Committee compares the Corporation's level of overall compensation with those of comparable sized oil and gas exploration companies. The Corporation's total compensation mix places a portion of the executive's compensation at risk, by taking into account individual and corporate performance. Compensation practices, including the base salary, discretionary bonuses where appropriate, and long-term incentives, are regularly assessed to ensure they are competitive, take into account the external market trends, and support the Corporation's long-term growth strategies.

Base Salary

The Corporation pays competitive base salary of each executive determined by particular skills and capabilities of the individual, job responsibilities, and consideration of competitive compensation levels for the markets in which the Corporation operates. Salaries for executive officers are reviewed annually by the President and CEO, and the CFO, based on a review of corporate and personal performance and individuals levels of responsibility, as well as comparable industry peer groups. The Compensation Committee considers, and if thought appropriate, approves salaries recommended by the President and CEO for the executive officers. The Compensation Committee, guided by the Corporation's

compensation philosophy, attempts to ensure that the compensation of senior executives provides a competitive base compensation package and strong link between corporate performance and compensation, in order to attract, retain and motivate highly qualified personnel.

Annual Incentives

Annual incentives, in the form of discretionary cash bonus payments, may be paid based on individual performance and overall corporate performance. As part of its overall compensation program the Compensation Committee annually determines the nature and amount of any bonuses to be paid.

Long Term Incentives

The Stock Option Plan is designed to align the interest of the executive officers with that of the Shareholders over the longer term and to provide a retention incentive for each executive officer.

The Stock Option Plan is administered by the Board of Directors. Pursuant to the terms of the Stock Option Plan, directors, officers, employees and consultants of the Corporation are eligible for selection to participate in the Stock Option Plan as an incentive to achieve the longer term objectives of the Corporation. The purpose of the Stock Option Plan is to advance the interests of the Corporation by giving suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation, and to attract and retain persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation. The Compensation Committee determines, based on the President and CEO's recommendations, to whom options shall be granted, the terms and provisions of the respective option agreements, the time(s) at which such options shall be granted and vested, and the number of Common Shares purchasable pursuant to each option. Previous grants of option-based awards are taken into account when considering new grants. The number of options granted to any optionee is a function of the level of authority and responsibility of the optionee, the contribution that has been made by the optionee to the business and affairs of the Corporation, the number of options that have already been granted to the optionee and such other factors as the Board of Directors may consider relevant. For more information refer to Schedule "A" of this Information Circular, where the Stock Option Plan is set out in full.

As of the date of this Information Circular options to acquire an aggregate of 13,685,000 Common Shares, representing approximately 9.3% of the outstanding Common Shares, are outstanding under the Stock Option Plan. The maximum number of Common Shares that may be issued under the Stock Option Plan at any time shall not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis. There were 400,000 options to acquire Common Shares exercised during the fiscal year ended December 31, 2013 by the Named Executive Officers.

The Corporation does not have any retirement plans, or other forms of retirement compensation for its executive officers or directors.

The Corporation maintains directors and officers liability insurance policy. The policy provides coverage for costs incurred to defend and settle claims against directors and officers.

Review/Modifications

The Corporation's executive compensation program is reviewed and considered at least annually by the Compensation Committee and the Board of Directors to determine if the objectives of the program are being achieved and whether any modifications to that program are required. This includes a review of base salaries payable, annual incentives, and entitlement and participation in long-term equity based incentives.

Summary Compensation Table

During the financial year ended December 31, 2013, the Corporation had five Named Executive Officers. The following table and the notes thereto sets forth the total compensation paid or earned for the three most recently completed fiscal years to each of its Named Executive Officers.

Name and Principal Position	Year	Salary (\$)	Share-based Awards (\$)	Option – based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) ⁽²⁾	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
James Evaskevich President and Chief Executive Officer	2011	\$171,000	Nil	\$277,646	Nil	Nil	Nil	\$20,000	\$468,646
	2012	\$180,000	Nil	\$18,970	Nil	Nil	Nil	\$20,000	\$218,970
	2013	\$192,000	Nil	\$41,084	Nil	Nil	Nil	\$125,000	\$358,084
James Glessing Chief Financial Officer	2011	\$145,500	Nil	\$242,940	Nil	Nil	Nil	\$15,000	\$403,440
	2012	\$150,000	Nil	\$29,662	Nil	Nil	Nil	\$20,000	\$199,662
	2013	\$162,000	Nil	\$32,867	Nil	Nil	Nil	\$70,000	\$264,867
Michael d'Entremont Chief Operating Officer ⁽³⁾	2012	\$125,000	Nil	\$231,000	Nil	Nil	Nil	\$20,000	\$376,000
	2013	\$162,000	Nil	\$24,651	Nil	Nil	Nil	\$60,000	\$246,651
Ron Gardiner Vice President Exploration ⁽⁴⁾	2011	\$144,000	Nil	\$208,235	Nil	Nil	Nil	\$20,000	\$372,235
	2012	\$150,000	Nil	\$8,277	Nil	Nil	Nil	\$20,000	\$178,277
	2013	\$121,500	Nil	\$24,651	Nil	Nil	Nil	\$162,000 ⁽⁵⁾	\$308,151
Randall Faminow Vice President Land ⁽⁶⁾	2011	\$28,571	Nil	\$252,313	Nil	Nil	Nil	Nil	\$280,884
	2012	\$150,000	Nil	\$8,277	Nil	Nil	Nil	\$20,000	\$178,277
	2013	\$162,000	Nil	\$42,521	Nil	Nil	Nil	\$85,000	\$289,521

Notes:

- (1) Based on the grant date fair value of the applicable awards. The fair value of options granted are estimated at the date of grant using the Black-Scholes option pricing model.
- (2) Includes performance based bonuses.
- (3) Mr. d'Entremont was appointed the Corporation's Chief Operating Officer as of March 12, 2012 and ceased to be an officer effective January 15, 2014.
- (4) Mr. Gardiner ceased to be an officer of the Corporation effective September 30, 2013.
- (5) A severance of \$162,000 was paid to Mr. Gardiner
- (6) Mr. Faminow was appointed the Corporation's Vice President, Land as of October 18, 2011.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Corporation outstanding at the end of the most recently completed financial year.

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 (\$) ⁽¹⁾	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 share-based awards not paid out or distributed (\$)
James Evaskevich	250,000	\$0.30	Apr 10, 2018	\$70,000	Nil	Nil	Nil
	50,000	\$0.35	Aug 16, 2017	\$11,500	Nil	Nil	Nil
	50,000	\$0.50	Apr 5, 2017	\$4,000	Nil	Nil	Nil
	400,000	\$0.74	Mar 7, 2016	Nil	Nil	Nil	Nil
	95,000	\$0.86	Nov 25, 2015	Nil	Nil	Nil	Nil
	800,000	\$0.60	Jun 29, 2015	Nil	Nil	Nil	Nil
	300,000	\$0.50	Dec 31, 2014	\$24,000	Nil	Nil	Nil
James Glessing	200,000	\$0.30	Apr 10, 2018	\$56,000	Nil	Nil	Nil
	50,000	\$0.35	Aug 16, 2017	\$11,500	Nil	Nil	Nil
	100,000	\$0.50	Apr 5, 2017	\$8,000	Nil	Nil	Nil
	350,000	\$0.74	Mar 7, 2016	Nil	Nil	Nil	Nil
	400,000	\$0.86	Nov 25, 2015	Nil	Nil	Nil	Nil
Michael d'Entremont ⁽²⁾	150,000	\$0.30	Apr 10, 2018	\$42,000	Nil	Nil	Nil
	50,000	\$0.35	Aug 16, 2017	\$11,500	Nil	Nil	Nil
	450,000	\$0.55	Mar 12, 2017	\$13,500	Nil	Nil	Nil
Randall Faminow	50,000	\$0.35	Jul 28, 2018	\$11,500	Nil	Nil	Nil
	200,000	\$0.30	Apr 10, 2018	\$56,000	Nil	Nil	Nil
	50,000	\$0.35	Aug 16, 2017	\$11,500	Nil	Nil	Nil
	450,000	\$0.60	Oct 17, 2016	Nil	Nil	Nil	Nil

Notes:

- (1) Calculated based on the difference between the closing price of the Common Shares on December 31, 2013 the last day during which the Common Shares traded in the financial year end December 31, 2013 (\$0.58 per Common Share) and the exercise price of the options.
- (2) Mr. d'Entremont ceased to be an officer effective January 15, 2014.

Incentive Plan Awards – Value Vested or Earned during the Year

The following table sets forth the value of all indicated compensation awards that vested or were earned during the most recently completed financial year.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
James Evaskevich	Nil	Nil	Nil
James Glessing	Nil	Nil	Nil
Michael d'Entremont ⁽²⁾	Nil	Nil	Nil
Ron Gardiner ⁽³⁾	Nil	Nil	Nil
Randall Faminow	Nil	Nil	Nil

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.
- (2) Mr. d'Entremont ceased to be an officer effective January 15, 2014.
- (3) Mr. Gardiner ceased to be an officer of the Corporation effective September 30, 2013.

Termination and change of control benefits

The Corporation has entered into a written agreement with each of the Named Executive Officers or their respective consulting corporations. Pursuant to the terms of each agreement, which automatically renew on a yearly term, each Named Executive Officer is entitled directly or indirectly to a base remuneration, granting from time to time of Options, and to certain payments upon termination with or without cause, resignation, or termination following a change of control.

A change in control is generally considered to have occurred if any person becomes the beneficial owner of securities of the Corporation, carrying more than 50% of the votes that may be cast to elect directors of the Corporation; upon the implementation of any transaction involving the Corporation as a result of which individuals who were members of the Board of Directors immediately prior to such transaction represent less than a majority of the members of the Board of Directors of the successor corporation within three months following the consummation thereof; or individuals who were executive officers of the Corporation immediately prior to such transaction represent less than a majority of the executive officers of the Corporation or the successor corporation within three months following the consummation thereof; upon the election of a slate of directors at a meeting of the Shareholders where a majority of the directors so elected were not members of the Board of Directors immediately prior to such meeting; the passing of a resolution by the Shareholders to substantially liquidate, wind-up or rearrangement or the sale of all or substantially all of the assets of the Corporation to any purchaser in circumstances where the purchaser intends to carry on all or part of the business carried on by the Corporation, excluding a sale to an entity in which the Corporation owns 25% or more of the Common Shares; or where the Board of Directors determines that a change of control has occurred.

The estimated incremental payment obligations of the Corporation related to the termination entitlements set forth above for each of the Named Executive Officers pursuant to the respective written agreements, under the noted triggering events, (other than termination for cause) assuming that the triggering event took place on December 31, 2013, are as follows:

Name	Payment Made in the Event of Termination without Just Cause, Resignation or Change in Duties or Remuneration Following a Change of Control
James Evaskevich	\$192,000
James Glessing	\$162,000
Michael d'Entremont	\$121,500
Randall Faminow	\$162,000

Director Compensation

Director Compensation Table

The following table sets forth the value of all compensation provided to directors, not including those directors who are also Named Executive Officers⁽¹⁾, for the Corporation's most recently completed financial year, December 31, 2013.

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Gordon Bowerman	\$12,000	Nil	\$8,217	Nil	Nil	Nil	\$20,217
Robert Weir	\$12,000	Nil	\$8,217	Nil	Nil	Nil	\$20,217
Joseph Durante ⁽³⁾	Nil	Nil	\$8,217	Nil	Nil	Nil	\$8,217
W.W. (Chuck) Charlton ⁽⁵⁾	\$12,000	Nil	\$8,217	Nil	Nil	Nil	\$20,217
Alan Pettie ⁽⁴⁾⁽⁵⁾	\$6,000	Nil	\$67,579	Nil	Nil	Nil	\$73,579

Notes:

- (1) Mr. James Evaskevich, President and Chief Executive Officer of the Corporation, is also a director of the Corporation. However, Mr. Evaskevich does not receive any compensation for his services as a director and is therefore not listed in this table.
- (2) Based on the grant date fair value of the applicable awards. The fair value of options granted are estimated at the date of grant using the Black-Scholes option pricing model.
- (3) Mr. Durante ceased to be a director on May 22, 2013.
- (4) Mr. Pettie was appointed as a director on July 29, 2013.
- (5) Mr. Charlton and Mr. Pettie ceased to be directors effective February 24, 2014.

Directors will be paid an annual fee of \$20,000 and are entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending meetings of the directors or any committee thereof or otherwise incurred by them in connection with their service as directors. All matters related to the compensation of directors are determined by the Compensation Committee. The Corporation does not have any retirement policy for its directors.

Outstanding Share-Based Awards and Option-Based Awards

The following table indicates for each Director, other than the President and CEO, all option-based awards and share-based awards outstanding at the end of the most recently completed financial year, December 31, 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 (\$) ⁽¹⁾	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 (\$)
Gordon	50,000	\$0.30	Apr 10, 2018	\$14,000	Nil	Nil	Nil
Bowerman	50,000	\$0.35	Aug 16, 2017	\$11,500	Nil	Nil	Nil
	50,000	\$0.50	Apr 5, 2017	\$4,000	Nil	Nil	Nil
	50,000	\$0.74	Mar 7, 2016	Nil	Nil	Nil	Nil
	50,000	\$0.86	Nov 25, 2015	Nil	Nil	Nil	Nil
	125,000	\$0.60	Jun 29, 2015	Nil	Nil	Nil	Nil
	110,000	\$0.50	Dec 31, 2014	\$8,800	Nil	Nil	Nil
Robert Weir	50,000	\$0.30	Apr 10, 2018	\$14,000	Nil	Nil	Nil
	50,000	\$0.35	Aug 16, 2017	\$11,500	Nil	Nil	Nil
	50,000	\$0.50	Apr 5, 2017	\$4,000	Nil	Nil	Nil
	50,000	\$0.74	Mar 7, 2016	Nil	Nil	Nil	Nil
	50,000	\$0.86	Nov 26, 2015	Nil	Nil	Nil	Nil
	100,000	\$0.60	Jun 29, 2015	Nil	Nil	Nil	Nil
	100,000	\$0.50	Dec 31, 2014	\$8,000	Nil	Nil	Nil
W.W. (Chuck) Charlton ⁽³⁾	50,000	\$0.30	Apr 10, 2018	\$14,000	Nil	Nil	Nil
	350,000	\$0.35	Aug 16, 2017	\$80,500	Nil	Nil	Nil
	50,000	\$0.50	Apr 5, 2017	\$4,000	Nil	Nil	Nil
Alan Pettie ⁽²⁾⁽³⁾	350,000	\$0.35	Jul 29, 2018	\$80,500	Nil	Nil	Nil

Notes:

- (1) Calculated based on the difference between the closing price of the Common shares on December 31, 2013 the last day during which the Common Shares traded in the financial year end December 31, 2013 (\$0.58 per Common Share) and the exercise price of the options.
- (2) Mr. Pettie was appointed as a director on July 29, 2013.
- (3) Mr. Charlton and Mr. Pettie ceased to be directors effective February 24, 2014.

Incentive Plan Awards – Value Vested or Earned during the Year

The following table indicates for each Director, other than the President and CEO, the value of all indicated compensation awards that vested during the most recently completed financial year, December 31, 2013.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity Annual incentive plan compensation – Value earned during the year (\$)
Gordon Bowerman	Nil	Nil	Nil
Robert Weir	Nil	Nil	Nil
Joseph Durante ⁽²⁾	Nil	Nil	Nil
W.W. (Chuck) Charlton ⁽⁴⁾	Nil	Nil	Nil
Alan Pettie ⁽³⁾⁽⁴⁾	Nil	Nil	Nil

Notes:

- (1) Represents the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.
- (2) Joseph Durante ceased to be a director on May 22, 2013.
- (3) Alan Pettie was appointed as a director on July 29, 2013.
- (4) Mr. Charlton and Mr. Pettie ceased to be directors effective February 24, 2014.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth the information pertaining to the Corporation's equity compensation plans as at December 31, 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			
Stock Option Plan	10,635,000	\$0.53	4,076,701
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	10,635,000	\$0.53	4,076,701

Note:

- (1) The maximum number of Common Shares issuable under the Stock Option Plan is 10% of the issued and outstanding Common Shares (calculated on a non-diluted basis). As at the date of this Information Circular, the Corporation has 147,942,008 issued and outstanding Common Shares and therefore, there are options to acquire 14,794,201 Common Shares issued or available for issuance under the Stock Option Plan.

CORPORATE GOVERNANCE

General

The Board of Directors believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators (the “CSA”) have adopted National Policy 58-201 – *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

Composition of the Board of Directors

The Board of Directors is comprised of five (5) directors, four (4) of which – Gordon Bowerman, Robert Weir, Frederick (Ted) Morton and Neil Mackenzie are independent for the purposes of NI 58-101, so that a majority of the directors are independent. James Evaskevich is not independent since he is the President and CEO of the Corporation.

Mr. Bowerman is the Chairman of the Board. Mr. Bowerman is responsible for chairing meetings of the Board of Directors.

Other than position descriptions and mandates, there are no special structures or processes in place to facilitate the functioning of the Board of Directors independently of the Corporation's management. The independent directors of the Corporation do not hold regularly scheduled meetings, but the Chairman may at any time call meetings of the independent directors at which any concerns may be freely expressed. The independent directors are also given full access to management so that they may express their own views and communicate their expectations of the management.

Certain of the directors are also directors of other reporting issuers, as follows:

<u>Director</u>	<u>Other Reporting Issuer</u>
Gordon Bowerman	Cascadia Resources Inc.
James Evaskevich	Cascadia Resources Inc.
Robert Weir	None
Frederick (Ted) Morton	None
Neil MacKenzie	Canyon Services Group Inc.

Position Descriptions

The Board of Directors has developed written position descriptions for the Chairman of the Board, the Chairman of each committee of the Board of Directors and the CEO.

Orientation and Continuing Education

The Corporation does not currently have a formal orientation and education program for new directors, however, the Corporation's Board Mandate provides for certain mandatory meetings among the CEO, CFO, Chairman of the Board and new directors.

No formal continuing education program currently exists for directors of the Corporation. From time to time, presentations and seminars will be provided to directors on recent developments such as new accounting rules, new oil and gas operation procedures and capital market developments and directors will be encouraged by the Corporation to attend courses and seminars dealing with financial literacy, corporate governance and related matters at the Corporation's cost.

Board Mandate

The following is the text of the written mandate of the Corporation's Board of Directors.

The Board of Directors is responsible for the overall stewardship of the Corporation and the overall design and implementation of the Corporation's strategy and direction. The Corporation's management shall be responsible for the day to day operations of the Corporation. Every director is required to act honestly and in good faith and in the best interests of the Corporation and to exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. Every director is expected to understand the nature and operation of the Corporation's business, review Board of Directors and committee materials that are provided a reasonable period of time before the meeting of the Board of Directors or Board of Director's committee to which such director is a member and to use reasonable efforts to attend in person or via conference call at all meetings of the Board of Directors and all meetings of the committees of the Board of Directors to which such director is a member. A majority of the Board of Directors and the Chairman of the Board of Directors shall be independent within the meaning of section 1.4 of National Instrument 52-110 or its successor or replacement policy. Responsibilities not delegated to management or to a committee of the Board of Directors remain those of the full Board of Directors.

The Board of Directors will develop and approve the corporate goals and objectives of the Corporation in consultation with the Chief Executive Officer of the Corporation (the "CEO"). Management of the Corporation shall prepare for consideration and adoption by the Board of Directors regular strategic, business and financial plans of the Corporation (including quarterly, annual and forward planning capital budgets and operating budgets) that have regard for the opportunities and risk of the business of the Corporation. The Board of Directors shall supervise the management of the business and affairs of the Corporation and in consultation with the CEO and the Chief Financial Officer of the Corporation ("CFO") put in place a system for monitoring the implementation of the Corporation's strategies and business and financial plans. The Board of Directors shall monitor and oversee the integrity of the Corporation's financial reporting and disclosure and the CEO and CFO certification of the financial reporting.

The Board of Directors shall meet regularly (and in any case a minimum of four times per year) to consider and approve the Corporation's objectives, strategy and direction and the strategic, business and financial plans of the Corporation as well as management's plans designed to accomplish those objectives, strategies and direction. The Board of Directors shall also meet (in person or by electronic means) as necessary to consider specific developments and opportunities as they arise, including material asset acquisitions and dispositions and financing proposals.

Subject to the terms of any disclosure, confidentiality, trading and other policies and procedures of the Corporation, the Chairman of the Board will act as a liaison between stakeholders of the Corporation and the Board of Directors.

The CEO and CFO shall meet with all proposed new directors to provide him or her with a detailed business and financial review of the Corporation. In addition, the Chairman of the Board shall meet with all proposed new directors to provide him or her with an orientation on the experience and expertise of the other members of the Board of Directors and the unique policies and procedures of the Board of Directors.

Key management personnel and professional advisors may be invited to attend Board of Directors meetings (other than *in camera* Board of Directors meetings) to speak to, or be informed as to, such matters as the Board of Directors may deem necessary.

The Board of Directors has adopted a Code of Business Conduct and Ethics for all directors, officers, employees, consultants and representatives of the Corporation to promote integrity and deter wrongdoing. The Board of Directors and the Audit Committee have adopted a “whistle-blower” procedures policy as a means of receiving and handling complaints regarding questionable accounting, internal control and audit matters. The Board of Directors has established an Audit Committee, a Compensation Committee and a Corporate Governance and Nomination Committee and has adopted, and shall annually review and re-assess the adequacy of the mandates of such committees.

Measures to Encourage Ethical Business Conduct

The Corporation has a written code of business conduct and ethics (the “**Code of Conduct**”) in place for its directors, officers, and employees. A copy of the Code of Conduct is provided to each director, officer and employee of the Corporation and is available upon the request of any Shareholder. Compliance with the Code of Conduct is monitored by the Board of Directors as a whole. Employees of the Corporation are encouraged to promptly report to the Board of Directors any violation of the Code of Conduct or any law, rule or regulation that has been or is likely to be committed by the employee or someone else who is a representative of the Corporation.

In addition, the Corporation has a Whistleblower Policy which addresses the Corporation's continuing commitment to integrity and ethical behaviour. The Whistleblower Policy established procedures that allow employees of the Corporation to confidentially and anonymously submit their concerns to the Chair of the Audit Committee regarding questionable ethical, moral, accounting, internal accounting controls, or auditing matters, without fear of retaliation.

The Code of Conduct requires disclosure to the Board of Directors of any transactions or agreements in respect of which any director or executive officer of the Corporation has a material interest and the extent and nature of that interest. Any director with a conflict of interest or who is capable of being perceived as being in conflict of interest with respect to the Corporation must abstain from discussion and voting by the Board of Directors or any committee of the Board of Directors on any motion to recommend or approve the relevant agreement or transaction. The Board of Directors itself must comply with conflict of interest provisions of the ABCA in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Board of Directors provides leadership, supervision and support for the employees of the Corporation to uphold the principles articulated in the Code of Conduct.

Audit Committee

The Audit Committee is comprised of Messrs. Bowerman (Chair), Weir, Morton and Mackenzie, all of whom are independent and all of whom are financially literate. The full text of the Audit Committee Charter, as well as the relevant disclosure in relation to its composition and other matters, is attached as Schedule “B” hereto. The members of the Audit Committee also have significant experience and expertise in the oil and gas exploration and development industry. The Audit Committee anticipates meeting four times in 2014, on a quarterly basis, to fulfill its mandate.

In respect of the Audit Committee functions, the Board of Directors has developed written terms of reference outlining its roles and responsibilities and which provide appropriate guidance to the committee's members as to their duties. These terms of reference are reviewed annually by the Audit Committee and the Board of Directors. The Audit Committee reviews the annual and interim financial statements of the Corporation and makes recommendations to the Board of Directors with respect to such statements. The Audit Committee also reviews the nature and scope of the annual audit as proposed by the auditors and management, and the adequacy of internal accounting control procedures and systems within the Corporation. The Audit Committee is responsible for ensuring that management has implemented an effective system of internal control and has oversight responsibility for management reporting on internal control.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is responsible for annually re-assessing and reviewing the Code of Business Conduct and Ethics and management's monitoring of compliance with such Code, the adequacy of the mandates of each of the committees of the Board of Directors and the Board of Directors mandate, the member composition of each of the committees of the Board of Directors, identifying any areas where the directors or management could make a better collective contribution to overseeing the affairs of the Corporation and encouragement of a process of continuous improvement in the Board of Directors execution of its responsibilities.

The Corporate Governance and Nominating Committee, in consultation with the Chief Executive Officer, is responsible for:

- (a) reviewing on a periodic basis the size and composition of the Board of Directors and ensuring that an appropriate number of independent directors sit on the Board of Directors;
- (b) recommending nominations for election to the Board of Directors at the annual meeting of shareholders, taking into account the number required to carry out the Board of Directors' duties effectively; and
- (c) recommending suitable candidates for nominees for election or appointment as directors, and recommending the criteria governing the overall composition of the Board of Directors and governing the desirable individual characteristics for directors,

and in making such recommendations, the Corporate Governance and Nominating Committee considers:

- (a) the appropriate size of the Board of Directors with a view to facilitating effective decision-making;
- (b) the needs of the Corporation and its stage of development and the competencies and skills that the Board of Directors considers to be necessary for the Corporation and the Board of Directors, as a whole, to possess;
- (c) the competencies and skills that the Board of Directors considers each existing director to possess;
- (d) the competencies and skills each new nominee will bring to the boardroom; and
- (e) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the Board of Directors.

The Corporate Governance and Nominating Committee is comprised of the Board of Directors in its entirety. The Corporate Governance and Nominating Committee anticipates meeting once annually to fulfil its mandate.

Compensation Committee

The Compensation Committee is responsible for reviewing annually (and other times if necessary) and making recommendations to the Board of Directors regarding:

- (a) compensation and remuneration policies, practices and philosophy for the Corporation's officers and directors; and
- (b) the CEO's recommendations for proposed salaries, stock options, bonuses or other incentive compensation plans for officer and director compensation.

In making its recommendations, the Compensation Committee considers the recommendations and insight of the CEO and considers, among other things, the performance of the person, comparative surveys of similar size Canadian oil and gas companies and the relative performance of the Corporation and the person on an aggregate and per share basis over relevant periods.

The Compensation Committee is comprised of the Board of Directors in its entirety.

Assessments

The Board of Directors intends to make annual assessments regarding the effectiveness of the Board of Directors, committees and individual directors in fulfilling their respective responsibilities.

Meetings of the Board of Directors and Audit Committee during 2013

	<u>Gordon Bowerman</u>	<u>Robert Weir</u>	<u>Joseph Durante⁽¹⁾</u>	<u>W.W. (Chuck) Charlton</u>	<u>Alan Pettie</u>	<u>James Evaskevich</u>
Board of Directors	8/8	8/8	2/2	7/8	3/5	8/8
Audit Committee	4/4	4/4	1/1	4/4	-	-

Note:

- (1) Mr. Durante ceased to be a director on May 22, 2013.
- (2) Mr. Pettie was appointed as a director on July 29, 2013.
- (3) Mr. Charlton and Mr. Pettie ceased to be directors effective February 24, 2014

MANAGEMENT CONTRACTS

Management functions of the Corporation are performed by the directors and executive officers of the Corporation and are not to any substantial degree performed by any other person or corporation; except certain executive officers that are retained through their private corporations.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

No current or former executive officer, director or employee of the Corporation, nor any of their respective associates or affiliates, is or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation or any of its subsidiaries. In addition, none of such person's indebtedness to another entity is or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement of understanding provided by the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as set forth in this Information Circular, the management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer of the Corporation or of any associate or affiliate of any director or executive officer, in any matter to be acted upon at the Meeting.

OTHER MATTERS TO BE ACTED UPON

There are no other matters to be considered at the Meeting which are known to the directors or executive officers at this time. However if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote in accordance with their best judgment of such matters exercising discretionary authority with respect to amendments or variations of matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting or any adjournment thereof.

DIRECTOR APPROVAL

The contents and the sending of this Information Circular have been approved by the directors of the Corporation.

ADDITIONAL INFORMATION

Financial information is provided in the Corporation's audited financial statements and accompanying managements' discussion and analysis ("MD&A") for the year ended December 31, 2013.

Under National Instrument 51-102, Continuous Disclosure Obligations, any person or company who wishes to receive annual and/or interim financial statements from the Corporation may deliver a written request for such material to the Corporation or the Corporation's agent, together with a signed statement that the person or company is the owner of securities of the Corporation. Shareholders who wish to receive annual and/or interim financial statements are encouraged to send the enclosed mail card, together with the completed form of proxy, in the addressed envelope provided to Computershare, 8th Floor Proxy Department, 100 University Avenue, Toronto, Ontario, M5J 2Y1. The Corporation will maintain a supplemental mailing list of persons or companies wishing to receive annual and/or interim financial statements.

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com.

SCHEDULE "A"

YANGARRA RESOURCES LTD.

INCENTIVE STOCK OPTION PLAN

ARTICLE 1 INTERPRETATION

1.1 Supersedes Prior Option Plans

This Plan supersedes and replaces all prior option plans of Yangarra Resources Ltd. and all options to acquire Common Shares granted under any such prior option plans shall henceforth be Options governed by and subject to the provisions of this Plan.

1.2 Purpose of Plan

The purpose of the Plan is (i) to encourage and develop the interest of Optionees in the growth and development of the Corporation by providing such persons with the opportunity to acquire a proprietary interest in the Corporation, thereby more closely aligning the personal interests of such Optionees to that of the shareholders of the Corporation and (ii) to better enable the Corporation and its subsidiaries to compensate, attract, retain and motivate persons of desired experience and ability.

1.3 Definitions

In this Plan, unless there is something in the subject or context inconsistent therewith, the following terms shall have the following meanings:

- (a) "Act" means the *Securities Act* (Alberta), as amended;
- (b) "Board of Directors" means the board of directors of the Corporation;
- (c) "Common Share" means a common share in the capital of the Corporation as constituted on the effective date of this Plan and, after any adjustments pursuant to Section 6.1 hereof, means the shares or other securities or property which, as a result of such adjustments and all prior adjustments pursuant to Section 6.1 hereof, the holders of Options are then entitled to receive on the exercise thereof;
- (d) "Consultant" has the meaning ascribed thereto in Multilateral Instrument 45-105 Trades to Employees, Senior Officers, Directors and Consultants;
- (e) "Convertible Securities" means securities issued by the Corporation which entitle the holder to acquire Common Shares;
- (f) "Corporation" means Yangarra Resources Ltd. and any successor or continuing corporation resulting from any form of corporate reorganization;
- (g) "Current Market Price" means the closing trading price per Common Share on the Exchange on the date preceding the date of the computation, or if such Common Shares are not listed on any stock exchange at a price determined by the Board of Directors. If no trades are reported on the Exchange on such trading day, the trade occurring on the last day on which a trade took place preceding the relevant date will be used in the computation;

- (h) “*Exchange*” means, at any time, the TSX Venture Exchange if the Common Shares are listed and posted for trading thereon at such time or, otherwise, any other stock exchange upon which the Common Shares are listed and posted for trading at such time;
- (i) “*Exercise Price*” means the price at which a Common Share may be purchased pursuant to the exercise of a Vested Option;
- (j) “*Expiry Date*” means the date upon which an Option expires and is of no further force or effect, as may be adjusted pursuant to Article 6 hereof;
- (k) “*Option*” means a right to purchase one Common Share that is granted pursuant to this Plan;
- (l) “*Option Agreement*” means an agreement between the Corporation and a Participant pursuant to which an Option is granted to such Participant;
- (m) “*Optionee*” means a Participant to whom an Option has been granted pursuant to this Plan;
- (n) “*Participant*” means, at any time, a person who at such time is at least one of a director, officer or employee of the Corporation or one of its subsidiaries (or a corporation wholly-owned by such person or together with such person's spouse and/or children) or a Consultant;
- (o) “*Plan*” means the stock option plan, as amended from time to time;
- (p) “*Unvested Option*” means, at any time, an Option that is not exercisable at such time;
- (q) “*Vesting Date*” means the date upon which an Unvested Option vests so as to become a Vested Option; and
- (r) “*Vested Option*” means, at any time, an Option that is exercisable at such time.

1.4 Number and Gender

In this Plan, unless there is something in the subject or context inconsistent therewith, words importing the singular number include the plural, and vice versa, and words importing the masculine gender include the feminine and neuter genders, and vice versa.

1.5 No Effect on Employment or Retainer

Participation in this Plan by a Participant is entirely voluntary and does not affect the Participant's employment or continued retainer by, or other engagement with, the Corporation or its subsidiaries. Neither this Plan nor the granting to a Participant of an Option hereunder of itself gives such Participant any right to continue to be a director, officer, employee or Consultant of the Corporation or any of its subsidiaries.

None of the terms and conditions governing an Option shall be affected by any change in the terms of the Optionee's employment by or engagement with the Corporation so long as the Optionee continues to be a Participant. The terms of this Plan or any Option Agreement shall not affect in any manner whatsoever the terms or validity of any employment agreement to which the Corporation or any of its subsidiaries is a party.

1.6 No Rights as Shareholder

An Optionee has no rights whatsoever as a shareholder in respect of a Common Share to which such Optionee is entitled upon the valid exercise of a Vested Option unless and until such Optionee has validly exercised such Option and paid the Exercise Price and such Common Share has been issued to such Optionee.

1.7 No Assurance of Value

The Corporation does not assure a profit or protect against a loss upon the exercise of any Option or the subsequent sale of any Common Share acquired thereby. The Corporation assumes no responsibility relating to any tax liability of the Optionee by reason of any transaction entered into pursuant to this Plan.

1.8 No Limitations on Board of Directors

Nothing contained in this Plan shall or shall be deemed to restrict or in any way limit the rights and powers of the Board of Directors in relation to any allotment and issuance of any securities of the Corporation that are not reserved for issuance hereunder, subject to the regulations of the Exchange.

1.9 No Inconsistencies with Exchange Rules

This Plan is subject to the rules and regulations of the Exchange and any other exchange facility through which the Common Shares may be traded. To the extent that any provision of this Plan conflicts with any such rules and regulations, such rules and regulations shall govern and this Plan shall be deemed to be amended to be consistent therewith, and the Board of Directors of the Corporation be and is hereby authorized and empowered to do all such acts and things and to restate the Plan in accordance with any such deemed amendments without any further action or approval of the shareholders of the Corporation.

ARTICLE 2 ADMINISTRATION OF PLAN

2.1 Board of Directors Responsible

This Plan shall be administered by the Board of Directors. However, the Board of Directors may delegate to a committee thereof or to one or more officers of the Corporation the responsibility for administering the Plan or any portion thereof. Any reference in this Plan to the Board of Directors shall include a reference to such a committee or officer(s), as the case may be.

2.2 Decisions Final and Binding

All decisions and interpretations by the Board of Directors respecting this Plan or Options granted hereunder, including decisions as to adjustments in accordance with Section 6.1, shall, absent bad faith, be final and binding on the Corporation, all Optionees and Participants and their respective successors.

2.3 Regulatory Approvals

The administration of this Plan, including the grant or exercise of any Options pursuant hereto, is subject to receipt by the Corporation of all approvals, advance rulings, exemptions or registrations required or desired under applicable laws and regulations, including all approvals or registrations required by the Exchange or any other exchange facility through which the Common Shares may, from time to time, be traded.

2.4 Maintenance of Records

The Corporation will maintain all records relating to the administration of this Plan as may be necessary or advisable. Upon written request from an Optionee, the Corporation will furnish to that Optionee a statement indicating the number of Options held on such Optionee's behalf.

2.5 Amendments to and Termination of Plan

The Board of Directors may at any time, but subject always to the receipt of required regulatory approvals, alter, amend or revise the terms and conditions of this Plan or of any outstanding Options or suspend, discontinue or terminate this Plan or any portion hereof, all provided that, without the prior written consent of an Optionee, no such action shall adversely affect any Options previously granted to such Optionee and in respect of which the conditions of Section 4.3 hereof have been satisfied. Specifically, the Board of Directors shall not require the approval of the Shareholders of the Corporation for the following types of amendments:

- (a) amendments of a “housekeeping” nature;
- (b) a change to the vesting provisions of the Plan;
- (c) a change to the termination provisions of the Plan which does not entail an extension beyond the original Expiry Date; and
- (d) the addition of a cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Plan reserve.

The exercise price of any individual option may not be reduced without prior approval of a majority of disinterested shareholders of the Corporation who vote on such amendment if the Optionee is an Insider of the Corporation at the time of the proposed amendment.

Upon the suspension, discontinuance or termination of this Plan or any portion hereof, any Option granted prior thereto and in respect of which the conditions in Section 4.3 hereof have been satisfied shall remain exercisable in accordance with its terms as specified herein and in the Option Agreement.

ARTICLE 3 RESERVATION AND ISSUANCE OF COMMON SHARES

3.1 Interpretation

In this Article 3, the following terms shall have the following meanings:

- (a) “*Associate*” has the meaning assigned by the Act;
- (b) “*Available Option Shares*” means the number of Common Shares within the Plan Limit which are available at any time for the grant of Options as set forth in Section 3.2;
- (c) “*Insider*” means (i) an insider (as defined in the Act) of the Corporation and (ii) any Associate of any person who is an insider of the Corporation by virtue of sub-paragraph (i);
- (d) “*Outstanding Common Shares*” means, at any time, the number of Common Shares issued and outstanding on a non-diluted basis at such time; and

- (e) “*Plan Limit*” means, at any time, the aggregate number of Common Shares that may be issued or reserved for issuance pursuant to this Plan (as provided in Section 3.2 and subject to adjustment as set forth in Section 3.2).

3.2 Common Shares Subject to Options

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes (including as a result of Option exercises). The Options granted under the Plan, together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares;
- (b) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares; or
- (c) the grant to any one (1) Optionee within a 12 month period, of a number of Options exceeding 5% of the issued and outstanding Common Shares.

Subject to the Exchange Company Manual, the aggregate number of Common Shares reserved for issuance to any one (1) Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares determined at the date of grant (or 2% of the issued and outstanding Common Shares in the case of an Optionee who is a Consultant or an Employee conducting Investor Relations Activities (as such terms are defined in the Exchange Company Manual).

In the event that the Corporation grants Options to employees, consulting, or management company employees, the Corporation shall represent that the Optionee is a bona fide employee or consultant of the Corporation, or an individual employed by a company providing management services for the Corporation, services which are required for the ongoing successful business operations of the Corporation.

Appropriate adjustments shall be made as set forth in Section 6 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

ARTICLE 4 GRANT OF OPTIONS

4.1 Discretionary Grants of Options

The Board of Directors may from time to time and in its discretion grant a specified number of Options to any one or more Participants. At the time of grant, the Board of Directors shall fix the following terms in respect of each grant of Options to each Participant:

- (a) the Exercise Price(s) thereof;

- (b) the Vesting Date(s) applicable thereto; and
- (c) the Expiry Date(s) thereof.

The Board of Directors may also fix such other terms and conditions of the Option Agreement, not inconsistent with this Plan, as the Board of Directors in its discretion may determine.

4.2 Limitations on Terms of Options

The terms fixed by the Board of Directors in respect of a grant of Options shall be subject to the following conditions:

- (a) the Expiry Date of an Option shall be no later than five (5) years from the date of grant of such Option;
- (b) the Option shall not be assignable or transferable and shall be exercisable only by the Optionee or such Optionee's estate; and
- (c) the Exercise Price of any Option will be fixed by the Board of Directors when such Option is granted and will be no lower than the Current Market Price.

4.3 Conditions Precedent to Effectiveness of Options

The grant of an Option to a Participant is conditional and is of no force and effect until the following conditions shall have been satisfied:

- (a) all regulatory approvals have been obtained; and
- (b) an Option Agreement has been duly executed by the Corporation and delivered to such Participant.

4.4 Execution and Delivery of Option Agreement

An Option Agreement shall be in such form as the Board of Directors may from time to time approve. An Option Agreement may be executed and delivered for and on behalf of the Corporation by either the President or a Vice-President of the Corporation or such other officer of the Corporation who may be identified for such purpose by the Board of Directors.

ARTICLE 5 EXERCISE OF OPTIONS

5.1 Exercise of Vested Options

Subject to Section 5.5 hereof, a Vested Option may be exercised by delivery from the Optionee to the Corporation, at its principal business office in Calgary, Alberta, of a written notice of exercise ("Exercise Notice"), in a form acceptable to the Board of Directors, that specifies the number of Common Shares with respect to which such Vested Option is being exercised, together with payment in full of the Exercise Price for the Common Shares that are being purchased pursuant to such exercise.

5.2 Conditions Precedent to Issuance of Common Shares Upon Exercise

If at any time the Board of Directors determines that any registration, qualification, consent, approval or undertaking is necessary under applicable law or regulatory requirement as a condition of the issuance of any Common Shares upon the exercise of Vested Options, then the issuance of such Common

Shares shall not be made unless and until such registration, qualification, consent, approval or undertaking has been obtained free of any condition not acceptable to the Board of Directors.

5.3 Issuance of Common Shares Upon Exercise

Upon the exercise of Vested Options, the Corporation shall deliver or cause to be delivered to the Optionee a certificate registered in the name of such Optionee or designee representing the number of Common Shares to which the Optionee is entitled upon such exercise. Such certificate may have a legend reflecting any restrictions on resale under applicable law.

Common Shares issued upon the exercise of Vested Options shall be validly issued as fully paid and non-assessable. The issuance of such Common Shares shall not require further approval of the Board of Directors and shall be deemed to have occurred on the date that the related Options were exercised.

5.4 Restrictions on Resale of Common Shares

Any trade of the Optionee in any Common Shares issued to such Optionee pursuant to the exercise of Vested Options, including any sale or disposition for valuable consideration, and any transfer, pledge or encumbrance of such Common Shares, is subject to such regulatory approvals and other restrictions under applicable securities laws as may be applicable at the time of such trade. Accordingly, the Corporation makes no representation as to the ability of any Optionee to trade in the Common Shares so acquired upon the exercise of Vested Options.

5.5 Prohibition on Exercise of Vested Options

Notwithstanding any other provision of this Plan or any Option Agreement, no Common Share shall be issued upon the exercise of a Vested Option where such issuance would result in a violation of Article 3.

ARTICLE 6 ADJUSTMENTS TO TERMS OF OPTION AGREEMENTS

6.1 Alteration in Common Shares

In the event of:

- (a) any subdivision or change of the Common Shares of the Corporation into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of an Option, such additional number of Common Shares as would have resulted from such subdivision or change;
- (b) any consolidation or change of the Common Shares of the Corporation into a lesser number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of an Option, such lesser number of Common Shares as would have resulted from such consolidation or change;
- (c) any reclassification of the Common Shares of the Corporation or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the Outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, an Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which such Optionee was theretofore entitled under exercise of an Option, the kind and amount of shares and other securities or property

which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer.

6.2 Vesting on Death

In the event of an Optionee's death, all of the Unvested Options granted to the Optionee will vest on the day immediately preceding the date of such Optionee's death and the Optionee's estate will have the right, for a period of 180 days thereafter, to exercise all of the unexercised Options. Options not exercised within the said 180 day period will automatically terminate.

6.3 Vesting on Disability

In the event an Optionee becomes entitled to long-term disability payments pursuant to the Corporation's disability insurance program (or if not a participant in such program, would have been entitled to such payments if the Optionee had been a participant in such program), all of the Unvested Options held by the Optionee will vest on the day immediately preceding the day on which the Optionee becomes entitled to long-term disability payments and the Optionee will have the right, for a period of 180 days thereafter, to exercise all of the Options unexercised. Options not exercised within the said 180 day period will automatically terminate.

6.4 Vesting on Retirement

If an Optionee retires pursuant to a retirement policy approved by the Board of Directors, all of the Unvested Options held by the Optionee will vest on the day immediately preceding the date of such Optionee's retirement and the Optionee will have the right, for a period of 30 days thereafter, to exercise all of the unexercised Options. Options not exercised within the said 30 day period will automatically terminate.

6.5 Exercised on Resignation or Termination

If an Optionee resigns from the Corporation or is terminated by the Corporation (with or without cause), or in the case of a Consultant Optionee, their contract with the Corporation expires, such Optionee's Unvested Options will immediately terminate and be of no further force and effect provided, however, the resigning or terminated Optionee may, subject to the Expiry Date, for a period of 30 days from the date of resignation or termination exercise such Optionee's Vested Options not previously exercised on the date of resignation or termination.

6.6 Vesting on Change of Control

If the Board of Directors so determines, all of the Unvested Options held by an Optionee will vest and become Vested Options preceding an event which would result in a Change of Control (as hereinafter defined) and the Optionee will have the right, for such period as the directors may specify, to exercise all of such Optionee's unexercised Options. Options not exercised within the said period will terminate.

For the purposes of this clause, "Change of Control" of the Corporation will include and be interpreted as including the following events and circumstances:

- (a) the purchase or acquisition of Common Shares or Convertible Securities by a Person (as hereinafter defined) which results in the Person beneficially owning, or exercising control or direction over, Common 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 Person, the Person would beneficially own, or exercise control or direction over, Common Shares carrying the right to cast more than 50% of the

votes attaching to all Common Shares which may be cast to elect directors of the Corporation; or

- (b) approval by the shareholders of the Corporation of: (i) an amalgamation, arrangement, merger or other consolidation or combination of the Corporation with another corporation pursuant to which the shareholders of the Corporation immediately thereafter do not own shares of the successor or continuing corporation which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing corporation which may be cast to elect directors of that corporation; (ii) the liquidation, dissolution or winding-up of the Corporation; or (iii) the sale, lease or other disposition of all or substantially all of the assets of the Corporation.

For the purposes of this clause, "Person" means: (a) an individual; (b) a partnership; (c) a corporation, an incorporated association, an incorporated syndicate or any other incorporated organization; (d) an unincorporated association, an unincorporated syndicate or any other unincorporated organization; (e) a trust; (f) a trustee, an executor, an administrator or any other legal representative; or (g) Her Majesty in right of Canada or any province thereof. Where any two or more Persons acting jointly or in concert or are Persons associated or affiliated with each other, within the meaning of the *Business Corporations Act* (Alberta), then the Common Shares and Convertible Securities acquired by each of them will be included in the calculation of a Change of Control.

For the purposes of determining when a Change of Control occurs by Persons acting jointly or in concert, Change of Control will be deemed to occur when the Persons first attempt to act, or in fact act, jointly or in concert.

For the purposes of determining who has made an acquisition referred to in this clause, it will be construed and interpreted as being the beneficial owner.

In the event that the Board of Directors decides that there has been a Change of Control and determines to accelerate the vesting of Options, the Optionee or such Optionee's legal representatives will be given written notice by the Corporation of the Change of Control and acceleration of options in accordance with the provisions of this Plan and the period to exercise Options will commence on the day notice is given.

ARTICLE 7 GENERAL

7.1 Governing Law

This Plan and each Option granted under this Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and any Option Agreement entered into pursuant to this Plan shall be treated in all respects as an Alberta contract.

7.2 Enurement

This Plan and any Option Agreement entered into pursuant hereto shall enure to the benefit of and be binding upon the Corporation, its successors and assigns. The interest of any Optionee hereunder or under any Option Agreement is not transferable or alienable by the Optionee either by assignment or in any other manner and, during such Optionee's lifetime, is vested only in such Optionee, but, subject to the terms hereof and of the Option Agreement, shall enure to the benefit of and be binding upon such Optionee's legal personal representatives.

7.3 Conflict

In the event of a conflict between the terms of this Plan and an Option Agreement, the terms of this Plan shall prevail.

7.4 Waiver

No waiver by the Corporation of any term of this Plan or any breach thereof by an Optionee is effective or binding on the Corporation unless it is expressed in writing and any waiver so expressed does not limit or affect its rights with respect to any other or future breach.

7.5 Time is of the Essence

Time is of the essence of this Agreement.

SCHEDULE “B”

YANGARRA RESOURCES LTD.

FORM 52-110F2

AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE'S CHARTER (the “Charter”)

All of the Audit Committee members shall be independent and financially literate within the meaning of National Instrument 52-110 or its successor or replacement policy (the “Instrument”) or as the case may be exempt from the requirements of sections 1.4 and 1.5 of the Instrument in accordance with the Instrument provisions.

Meaning of Financial Literacy — For the purposes of this Mandate, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

The Audit Committee shall meet at least four times per year, on a quarterly basis, to fulfill its mandate.

The Audit Committee shall recommend to the Board of Directors:

- (a) the external auditor to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
- (b) the compensation of the external auditor.

The Audit Committee is directly responsible for overseeing the work of the external auditor engaged for the purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting.

The Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiaries' entities by the Corporation's external auditor.

The Audit Committee shall review the Corporation's financial statements, MD&A and annual and interim profit or loss press release before the Corporation publicly discloses this information.

The Audit Committee must satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in the paragraph above, and must periodically assess the adequacy of those procedures.

The Audit Committee must establish procedures for:

- (c) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls, or auditory matters; and
- (d) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Audit Committee are Gordon Bowerman (Chair), Robert Weir, Frederick (Ted) Morton and Neil Mackenzie. All are considered to be independent and all Audit Committee members are considered to be financially literate. “Independent” and “financially literate” have the meaning used in Multilateral Instrument 52-110 (“**MI 52-110**”) of the Canadian Securities Administrators.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy.

Gordon Bowerman, B.A. – Mr. Bowerman has over 40 years experience in the oil and gas industry, including various experience in production, land, accounting, asset purchases and sales. Mr. Bowerman currently is the President of a private oil and gas company.

Robert Weir, P. Eng – Mr. Weir has over 30 years experience in the oil and gas industry. Mr. Wier currently is president of a private company based in Calgary.

Frederick (Ted) Morton B.A. PhD – Mr. Morton’s various positions in the Alberta Government included Minister of Energy, Minister of Finance and Enterprise, and Minister of Sustainable Resources.

Neil Mackenzie – Mr. MacKenzie is or has been a director of various public companies, including Canyon Services Group Inc., and is currently a Vice President at Blackstone Drilling Fluids Ltd., an oil and gas drilling fluids company. Mr. MacKenzie held senior position in oil and gas companies from 1976-2010.

ITEM 3: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, KMPG LLP, Chartered Accountants) not adopted by the Board of Directors.

ITEM 4: RELIANCE ON CERTAIN EXEMPTIONS

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

ITEM 5: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have not yet been formulated and adopted. Subject to the requirements of the instrument, the engagement of non-audit services is considered by the Board of Directors, and where applicable by the audit committee, on a case by case basis.

ITEM 6: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

The following table provides information about the fees billed to the Corporation for professional services rendered by KMPG LLP, Chartered Accountants during fiscal 2013 and fiscal 2012:

<u>Year Ended</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
December 31, 2013	\$45,000	\$30,000	\$325	\$42,500 ⁽¹⁾
December 31, 2012	\$39,000	\$37,500	\$875	\$nil

Note:

(1) Represents involvement in a short-form prospectus dated December 6, 2013

ITEM 7: EXEMPTION

In respect of the most recently completed financial year, the Corporation is relying on the exemption set out in section 6.1 of MI 52-110 with respect to compliance with the requirements of Part 5 (Reporting Obligations) of MI 52-110.

SCHEDULE "C"

YANGARRA RESOURCES LTD.

ADVANCE NOTICE BY-LAW

By-law No. 1 is amended effective March 24, 2014 by adding the following as Section 10.29. This amendment must be ratified by shareholders at the next meeting of shareholders, failing which it will cease to be of any force or effect.

10.29 Advance Notice of Director Nominations

10.29.1 Subject to Section 10.29.2, nominations of persons for election as directors at a meeting of shareholders may be made only:

10.29.1.1 by or at the direction of the board;

10.29.1.2 pursuant to a proposal (as defined in the Act) or a requisition of a meeting of shareholders, in each case made in accordance with the Act; or

10.29.1.3 by a Nominating Shareholder who delivers a Nomination Notice to the Corporation within the Nomination Window by personal delivery to the Corporation's registered office addressed to the Chief Executive Officer or by fax or email (at the fax number or email address as stipulated from time to time by the Corporation under its profile on SEDAR at www.sedar.com).

10.29.2 The board may, prior to any meeting of shareholders, in its sole discretion, waive any requirement in this Section 10.29. Unless waived by the board, a Nomination Window will not be changed by any adjournment or postponement of a meeting of shareholders, or the announcement of any adjournment or postponement.

10.29.3 For the purposes this Section 10.29, the following terms have the following meanings:

10.29.3.1 "**Local Time**" means the local time at the Corporation's registered office.

10.29.3.2 "**Meeting Announcement Date**", in respect of a meeting of shareholders, means the date of the first public filing or announcement of the date of that meeting.

10.29.3.3 "**Nomination Notice**" means a written notice that sets out:

10.29.3.3.1 all information that would be required to be disclosed, under the Act and applicable securities laws, in a dissident proxy circular in connection with solicitations of proxies for the election of directors relating to a Nominating Shareholder (as if that Nominating Shareholder were a dissident soliciting proxies) and each person whom that Nominating Shareholder proposes to nominate for election as a director;

- 10.29.3.3.2 the class and number of shares of the Corporation held, directly or indirectly, by or on behalf of that Nominating Shareholder;
 - 10.29.3.3.3 confirmation that the proposed nominees meet the qualifications of directors set out in the Act;
 - 10.29.3.3.4 information on the residency of each proposed nominee, for the purposes of determining whether the residency requirements set out in the Act will be met; and
 - 10.29.3.3.5 confirmation as to whether each proposed nominee is independent for the purposes of National Instrument 52-110.
- 10.29.3.4 “**Nominating Shareholder**”, in respect of a meeting of shareholders, means a person who is a registered or beneficial holder of one or more shares of the Corporation carrying the right to vote on the election of directors at that meeting as of:
- 10.29.3.4.1 the record date for notice for that meeting; and
 - 10.29.3.4.2 the date on which the Nomination Notice is delivered to the Corporation.
- 10.29.3.5 “**Nomination Window**”, in respect of a meeting of shareholders, means:
- 10.29.3.5.1 in the case of an annual meeting:
 - 10.29.3.5.1.1 if that meeting is called for a date that is fewer than 50 days following the Meeting Announcement Date, the period starting at 9:00 a.m. (Local Time) on the Meeting Announcement Date and ending at 5:00 p.m. (Local Time) on the 10th day following the Meeting Announcement Date; and
 - 10.29.3.5.1.2 otherwise, the period starting at 9:00 a.m. (Local Time) on the date that is 65 days prior to the date of that meeting and ending at 5:00 p.m. (Local Time) on the date that is 30 days prior to the date of that meeting; or
 - 10.29.3.5.2 in the case of a special meeting (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), the period starting at 9:00 a.m. (Local Time) on the Meeting Announcement Date and ending at 5:00 p.m. (Local Time) on the 15th day following the Meeting Announcement Date.

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Please direct all inquiries to:

Questions and Further Assistance

If you have any questions about the information contained in this document or require assistance in completing your proxy form, please contact our proxy solicitation agent at:

Georgeson

North American Toll Free Number: 1-866-374-9187

Email: askus@georgeson.com