

YANGARRA RESOURCES LTD.

Suite 1530, 715 – 5th Avenue S.W.

Calgary, Alberta T2P 2X6

MANAGEMENT INFORMATION CIRCULAR

Dated March 29, 2018

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 general meeting of the holders (“**Shareholders**”) of the common shares of the Corporation (“**Common Shares**”) to be held Thursday, May 10, 2018 at 10:00 a.m. (Calgary time) at Tillyard Management Conference Centre, Main Floor, 715 - 5th Avenue S.W., 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 March 29, 2018.

SOLICITATION OF PROXIES

The solicitation is made on behalf of management of the Corporation. 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 costs incurred in the preparation and mailing of the form of proxy, the Notice of Annual General Meeting and this Information Circular will be borne by the Corporation.

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 need 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;
2. at the registered office of the Corporation, Suite 1530, 715 – 5th 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 with 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 references 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 March 29, 2018 (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, 83,424,603 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 held. 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 owns, controls or directs, 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, 2017 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; and (iii) the appointment of the auditors for 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, 2017 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, 2017 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**” or “**Board**”).

II. Fixing Number 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 of the Corporation at five (5). **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 one or more directors.**

III. Election of Directors

On March 15, 2017, the Board amended its majority voting policy (the “**Majority Voting Policy**”) for the election of directors to provide for the following:

1. Any director must immediately tender his or her resignation to the Board if he or she is not elected by at least a majority (50% +1 vote) of the votes cast with respect to his or her election.
2. The Board must accept the resignation of the director, absent exceptional circumstances and the resignation will be effective when accepted by the Board.
3. The director(s) who tender a resignation pursuant to the Majority Voting Policy will not participate in any meeting of the Board or the Corporate Governance and Nominating Committee at which the resignation is considered.
4. If the Board determines not to accept a resignation, the Corporation must promptly issue a news release with the Board's decision, a copy of which must be provided to Toronto Stock Exchange (“**TSX**”).

The policy provides that if a director standing for election or re-election in an uncontested election does not receive the vote of at least a majority of the votes cast at any meeting for the election of directors at which a quorum is present, the director will promptly tender his or her resignation to the Board. Within 90 days after the certification of the election results, the Board will decide, through a process managed by the Corporate Governance and Nominating Committee, whether to accept or reject the resignation and the Board's decision will be publicly disclosed. For more information regarding the Corporation's Majority Voting Policy, see “Corporate Governance”.

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 Calgary, Alberta <i>President, Chief Executive Officer, and Director</i>	President and Chief Executive Officer of the Corporation since December 2001.	Dec 19, 2001	3,394,189 ⁽²⁾
Gordon A. Bowerman⁽¹⁾ Calgary, Alberta <i>Chairman</i>	President of Cove Resources Ltd., a private oil and gas company based in Calgary, since 1987.	Dec 19, 2001	4,317,708 ⁽³⁾
Robert D. Weir⁽¹⁾ Calgary, Alberta <i>Director</i>	President of Weir Resource Management Ltd., a private company based in Calgary, since 1981.	Nov 11, 2003	310,479 ⁽⁴⁾
Frederick (Ted) L. Morton⁽¹⁾ Calgary, Alberta <i>Director</i>	Executive Fellow, School of Public Policy (2012-present) and Professor (1981-2004), University of Calgary; MLA, Foothills-Rocky View (2004-2012); Minister of Sustainable Resources Development (2006-2009); Minister of Finance (2010); Minister of Energy (2011).	Feb 25, 2014	119,000
Neil M. MacKenzie ⁽¹⁾ Calgary, Alberta <i>Director</i>	Vice President of Blackstone Drilling Fluids Ltd. (2010 – 2017), Vice President New Park Resources (1976 – 2010) and President Challenger Energy Corp. (2004 – 2007).	Feb 25, 2014	592,167

Notes:

- (1) Member of the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee of the Board of Directors.
- (2) Includes 997,071 Common Shares owned by Grassy Island Ranch Ltd., a private company controlled by Mr. Evaskevich.
- (3) Includes 278,054 Common Shares owned by the spouse of Mr. Bowerman, and 569,690 Common Shares owned by Cove Resources Ltd., a private company controlled by Mr. Bowerman.
- (4) Includes 29,722 Common Shares owned by Weir Resource Management Ltd., a private company 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, 8,733,543 Common Shares, representing 10.5% of the issued and 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.

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.

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.

IV. Appointment of Auditors

The Board of Directors has recommended that MNP LLP, Chartered Professional Accountants (“MNP”), be re-appointed as auditors of the Corporation for the ensuing year. MNP was first appointed as the auditors of the Corporation by the Board of Directors on December 8, 2015, following the resignation of the former auditors.

At the Meeting, Shareholders will be asked to re-appoint MNP 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 MNP 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.

EXECUTIVE COMPENSATION

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.

When determining executive compensation under each element of compensation, the Corporation relies on a variety of information sources to assess the competitiveness of its compensation program. Management reviews the compensation practices of companies in a selected peer group for salary levels, bonuses and long term incentives and then compiles the information and reports its findings to the Compensation Committee. The companies in the peer group operate in a similar business environment and are of similar size, scope and complexity. The Corporation's peer group for these purposes is selected based upon such factors as market capitalization, production, revenue, and total assets. Currently the Corporation's peer group consists of the following companies: Chinook Energy Inc., Delphi Energy Corp., Eagle Energy Trust, Gear Energy Ltd., Ikkuma Resources Corp., Inplay Oil, Journey Energy Inc., Leucrotta Exploration Inc., RMP Energy Inc., Petrus Resources, Storm Resources Ltd., Tamarack Valley Energy Ltd. and Zargon Oil & Gas Ltd. Changes to the peer group occur regularly given the nature of the oil and gas industry as company's merge, are acquired and change over time. In addition, changes to the comparator group may be made from time to time as recommended by management.

When comparing the peer group the key metrics used by the Corporation are as follows:

<i>Metric</i>	<i>2017 Performance</i>
Full cycle internal rates of return	86% full cycle IRR
Production	Annual: 5,740 boe/d Fourth Quarter: 6,721 boe/d
Cashflow	\$52.9 million cashflow Fourth Quarter: \$17.6 million
Reserves	87.9 million boe \$1.03 billion NPV10 value
Debt to Cashflow	1.8 times annual 1.3 times fourth quarter – annualized
Employee count	12 head office staff
Production per employee	478 boe/employee
Cashflow margins	69% Peer average = 43%
Operating costs (including transportation) per boe	\$7.77/boe Peer average = \$13.56/boe
G&A costs per boe	\$0.95/boe Peer average = \$1.80/boe
Finding and development costs per boe	\$9.18/boe on proved plus probable reserves Peer average = \$19.05/boe

Note:

- (1) Boe - Barrel of Oil Equivalent. All boe conversions in the report are derived by converting gas to oil at the ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent. Boe may be misleading, particularly if used in isolation. A boe conversion rate of 1 Boe: 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers are cautioned that boe may be misleading, particularly if used in isolation.

The Board of Directors is mindful of the necessity to align compensation policies with the Corporation's objectives and shareholder value and to ensure its compensation policies do not encourage management to take inappropriate risks. The Board of Directors has not identified any particular risks that would arise from the Corporation's compensation policies. In addition, when granting options to management, the Board of Directors will consider the equity position the applicable management member has in the Corporation to ensure that management incentives are balanced so that each individual is rewarded when shareholder value is enhanced but that the individual will also experience a meaningful decrease in their equity position if shareholder value deteriorates as a result of poor corporate performance. The Corporation does not restrict the purchase of financial instruments by NEO's or directors that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by a NEO or director.

The final determination of compensation is not based on a prescriptive formula or weightings as this may lead to unintended consequences and potentially foster single minded behaviors to the overall detriment of sustainable performance.

Base Salary

The Corporation pays competitive base salary to 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 & 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 Corporation's current incentive stock option plan (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.

As of the date of this Information Circular options to acquire an aggregate of 7,840,528 Common Shares, representing approximately 9.4% of the outstanding Common Shares, are outstanding under the Stock Option Plan. The maximum number of Common Shares that may be reserved for issuance under the Stock Option Plan at any time may not exceed 10% of the aggregate number of Common Shares actually outstanding at that time, as determined on a non-diluted basis. There were 658,893 options to acquire Common Shares exercised during the fiscal year ended December 31, 2017 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.

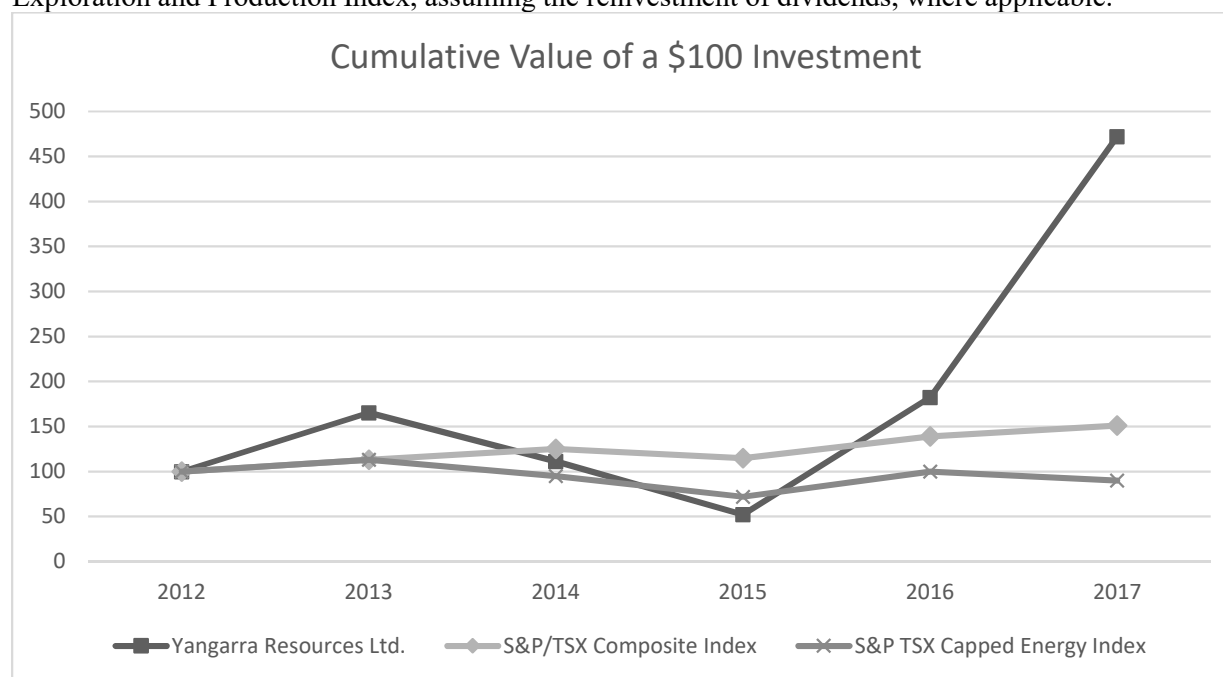
The Corporation maintains directors and officers liability insurance policy. The policy provides coverage for costs incurred to defend and settle claims against directors and officers.

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.

Performance Graph

The following performance graph illustrates, over the five-year period ended December 31, 2017, the cumulative return to Shareholders of an investment in the Common Shares of the Corporation compared to the cumulative total Shareholder return on the S&P/TSX Composite Index and the S&P/TSX Oil & Gas Exploration and Production Index, assuming the reinvestment of dividends, where applicable.



December 31, 2017	2012	2013	2014	2015	2016	2017
Yangarra Resources Ltd.	\$100	\$165	\$111	\$52	\$182	\$472
S&P/TSX Composite Index	\$100	\$113	\$125	\$115	\$139	\$151
S&P/TSX Oil & Gas Exploration & Production Index	\$100	\$113	\$95	\$72	\$100	\$90

Summary Compensation Table

During the financial year ended December 31, 2017, the Corporation had four 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 (\$)	Total Compensation (\$)
					Annual incentive plans ⁽²⁾	Long-term incentive plans			
James Evaskevich President and Chief Executive Officer	2015	\$220,000	Nil	\$769,015	Nil	Nil	Nil	Nil	\$989,015
	2016	\$220,000	Nil	\$352,651	\$130,000	Nil	Nil	Nil	\$702,651
	2017	\$240,000	Nil	\$68,170	\$160,000	Nil	Nil	Nil	\$468,170
James Glessing Chief Financial Officer	2015	\$190,000	Nil	\$225,934	Nil	Nil	Nil	Nil	\$415,934
	2016	\$190,000	Nil	\$113,406	\$85,000	Nil	Nil	Nil	\$388,406
	2017	\$200,000	Nil	\$316,263	\$105,000	Nil	Nil	Nil	\$621,263
Lorne Simpson Vice President, Operations	2015	\$210,000	Nil	\$99,263	Nil	Nil	Nil	Nil	\$309,263
	2016	\$210,000	Nil	\$226,047	\$100,000	Nil	Nil	Nil	\$536,047
	2017	\$215,000	Nil	\$366,445	\$140,000	Nil	Nil	Nil	\$721,445
Randall Faminow Vice President, Land	2015	\$192,000	Nil	\$116,307	Nil	Nil	Nil	Nil	\$308,307
	2016	\$192,000	Nil	\$176,504	\$95,000	Nil	Nil	Nil	\$436,504
	2017	\$205,000	Nil	\$345,928	\$120,000	Nil	Nil	Nil	\$670,928

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 based on the following assumptions: 63%-68% expected volatility, 0.91% - 1.80% risk free rate and a 4.87-year expected life. The Black-Scholes option-pricing methodology was selected due to its acceptance as an appropriate evaluation model used for similar sized oil and gas companies.
- (2) Annual Incentive Plan payments consist solely of discretionary cash bonuses.

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	20,000	\$4.79	Dec 6, 2022	\$3,600	20,000	\$3,600	N/A
	16,667	\$2.65	Apr 5, 2022	\$38,667	16,667	\$38,667	
	183,335	\$1.48	Dec 5, 2021	\$639,839	122,222	\$426,555	
	200,000	\$1.27	Nov 14, 2021	\$740,000	133,333	\$493,332	
	133,334	\$0.75	Mar 17, 2021	\$562,669	88,889	\$375,112	
	146,666	\$0.62	Dec 1, 2020	\$637,997	83,333	\$362,499	
	831,668	\$1.80	Jun 1, 2020	\$2,636,388	277,223	\$878,797	
	118,334	\$2.70	Mar 31, 2019	\$268,641	Nil	Nil	
	1,650,004			\$5,527,801	741,667	\$2,578,562	
James Glessing	155,557	\$3.30	Aug 11, 2022	\$259,780	155,557	\$259,780	N/A
	33,334	\$2.65	Apr 5, 2022	\$77,335	33,334	\$77,335	
	90,000	\$1.27	Nov 14, 2021	\$333,000	60,000	\$222,000	
	77,778	\$0.75	Mar 17, 2021	\$328,223	77,778	\$328,223	
	66,666	\$0.62	Dec 1, 2020	\$289,997	33,333	\$144,999	
	233,334	\$1.80	Jun 1, 2020	\$739,669	77,778	\$246,556	
	66,667	\$2.70	Mar 31, 2019	\$151,334	Nil	Nil	
	723,336			\$2,179,338	437,780	\$1,278,893	
Lorne Simpson	100,000	\$3.21	Aug 12, 2022	\$176,000	100,000	\$176,000	N/A
	133,334	\$2.77	Feb 17, 2022	\$293,335	133,334	\$293,335	
	133,334	\$1.85	Dec 19, 2021	\$416,003	88,889	\$277,334	
	120,000	\$1.27	Nov 14, 2021	\$444,000	80,000	\$296,000	
	33,333	\$0.62	Dec 1, 2020	\$144,999	16,667	\$72,501	
	33,334	\$1.80	Jun 1, 2020	\$105,669	33,334	\$105,669	
	83,334	\$2.70	Mar 31, 2019	\$189,168	Nil	Nil	
	636,669			\$1,769,174	452,224	\$1,220,839	
Randall Faminow	183,334	\$3.30	Jul 7, 2022	\$306,168	183,334	\$306,168	N/A
	16,667	\$2.80	May 17, 2022	\$36,167	16,667	\$36,167	
	100,000	\$1.27	Nov 14, 2021	\$370,000	66,667	\$246,668	
	150,000	\$1.23	Sep 29, 2021	\$561,000	100,000	\$374,000	
	66,666	\$0.62	Dec 1, 2020	\$289,997	33,333	\$145,003	
	33,334	\$1.80	Jun 1, 2020	\$105,669	33,334	\$105,669	
	83,334	\$2.70	Mar 31, 2019	\$189,168	Nil	Nil	
	633,335			\$1,858,169	433,335	\$1,213,675	

Note:

- (1) Calculated based on the difference between the closing price of the Common Shares on December 29, 2017, the last day during which the Common Shares traded in the financial year ended December 31, 2017 (\$4.97 per Common Share), and the exercise price of the options.

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 ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
James Evaskevich	\$1,315,342	N/A	\$160,000
James Glessing	\$440,389	N/A	\$105,000
Lorne Simpson	\$357,778	N/A	\$140,000
Randall Faminow	\$438,000	N/A	\$120,000

Note:

- (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.

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 to acquire Common Shares, 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.

In a change in control each Named Executive Officer is entitled to payment of 12 months base pay plus an additional month of base pay for each year of service up to a maximum amount of 24 months of the Named Executive Officer's then base annual salary, plus an amount equal to: (a) the average of the previous two years cash bonuses, (b) value of any unused vacation pay, and (c) any unpaid reimbursable expenses.

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, 2017, 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	\$585,000
James Glessing	\$395,833
Lorne Simpson	\$417,500
Randall Faminow	\$395,500

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, 2017.

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards ⁽²⁾ (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Gordon Bowerman	\$35,000	Nil	\$23,548	Nil	N/A	Nil	\$58,548
Robert Weir	\$35,000	Nil	\$131,525	Nil	N/A	Nil	\$166,525
Frederick (Ted) Morton ⁽³⁾	\$35,000	Nil	\$112,395	Nil	N/A	Nil	\$147,395
Neil MacKenzie ⁽⁴⁾	\$35,000	Nil	\$263,729	Nil	N/A	Nil	\$298,729

Notes:

- (1) Mr. 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 based on the following assumptions: 63% - 68% expected volatility, 0.91% - 1.80% risk free rate and a 4.87-year expected life. The Black-Scholes option-pricing methodology was selected due to its acceptance as an appropriate evaluation model used for similar sized oil and gas companies.
- (3) Mr. Morton was appointed as a director on February 25, 2014.
- (4) Mr. MacKenzie was appointed as a director on February 25, 2014.

In 2018, all directors of the Corporation, except for Mr. Evaskevich, will be paid an annual fee of \$40,000 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, 2016.

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	16,667	\$2.65	Apr 5, 2022	\$38,667	16,667	\$38,667	N/A
Bowerman	46,668	\$1.48	Dec 5, 2021	\$162,871	31,112	\$108,581	
	60,000	\$1.27	Nov 14, 2021	\$222,000	40,000	\$148,000	
	16,667	\$0.75	Mar 17, 2021	\$70,335	11,111	\$46,888	
	26,666	\$0.62	Dec 1, 2020	\$115,997	13,333	\$57,999	
	151,668	\$1.80	Jun 1, 2020	\$480,788	50,566	\$160,294	
	71,667	\$2.70	Mar 31, 2019	\$162,684	Nil	Nil	
	390,003			\$1,253,342	162,789	\$560,429	
Robert Weir	40,000	\$4.27	Nov 6, 2022	\$28,000	40,000	\$28,000	N/A
	16,667	\$3.21	Aug 12, 2022	\$29,334	16,667	\$29,334	
	16,667	\$2.65	Apr 5, 2022	\$36,667	16,667	\$36,667	
	26,667	\$1.48	Dec 5, 2021	\$93,068	17,778	\$62,045	
	50,000	\$1.27	Nov 14, 2021	\$185,000	33,333	\$123,332	
	11,111	\$0.75	Mar 17, 2021	\$46,888	11,111	\$46,888	
	20,000	\$0.62	Dec 1, 2020	\$87,000	10,000	\$43,500	
	212,224	\$1.80	Jun 1, 2020	\$672,750	82,223	\$260,647	
	50,000	\$2.70	Mar 31, 2019	\$113,500	Nil	Nil	
	443,336			\$1,292,207	227,779	\$630,413	
Frederick (Ted) Morton ⁽²⁾	50,000	\$4.82	Dec 5, 2022	\$7,500	50,000	\$7,500	N/A
	6,667	\$1.48	Dec 5, 2021	\$23,268	6,667	\$23,268	
	33,333	\$1.27	Nov 14, 2021	\$123,332	33,333	\$123,332	
	10,000	\$0.62	Dec 1, 2020	\$43,500	10,000	\$43,500	
	10,000	\$1.80	Jun 1, 2020	\$31,700	10,000	\$31,700	
	166,667	\$2.28	Feb 24, 2019	\$448,334	Nil	Nil	
	276,667			\$677,634	110,000	\$229,300	
Neil MacKenzie ⁽³⁾	186,667	\$2.65	Apr 5, 2022	\$433,067	186,667	\$433,067	N/A
	50,000	\$1.27	Nov 14, 2021	\$185,000	33,333	\$123,332	
	20,000	\$0.62	Dec 1, 2020	\$87,000	10,000	\$43,500	
	20,000	\$1.80	Jun 1, 2020	\$63,400	10,000	\$31,700	
	276,667			\$768,467	240,000	\$631,599	

Notes:

- (1) Calculated based on the difference between the closing price of the Common shares on December 29, 2017, the last day during which the Common Shares traded in the financial year ended December 31, 2017 (\$4.97 per Common Share), and the exercise price of the options.
- (2) Mr. Morton was appointed as a director on February 25, 2014.
- (3) Mr. MacKenzie was appointed as a director on February 25, 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, 2017.

Name	Option-based awards – Value vested during the year (\$) ⁽¹⁾	Share-based awards – Value vested during the year (\$)	Non-equity Annual incentive plan compensation – Value earned during the year (\$)
Gordon Bowerman	\$265,508	N/A	Nil
Robert Weir	\$272,590	N/A	Nil
Frederick (Ted) Morton ⁽²⁾	\$121,367	N/A	Nil
Neil MacKenzie ⁽³⁾	\$110,333	N/A	Nil

Note:

- (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. Morton was appointed as a director on February 25, 2014.
- (3) Mr. MacKenzie was appointed as a director on February 25, 2014.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth the information pertaining to the Corporation's equity compensation plans as at December 31, 2017:

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 ⁽¹⁾⁽²⁾	7,863,861	\$1.85	273,988
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	7,863,861	\$1.85	273,988

Note:

- (1) As of the date of this Information Circular, the Stock Option Plan is the only equity compensation plan available to the Corporation.
- (2) For the year ended December 31, 2017, the Corporation issued 1,562,679 Common Shares from treasury pursuant to the exercise of options. The maximum number of Common Shares that may be reserved for issuance 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 83,424,603 issued and outstanding Common Shares and therefore, there are 8,342,460 Common Shares that may be reserved for issuance on options granted or grantable 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 as he is the President and CEO of the Corporation. The majority of the Board of Directors are independent.

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 management.

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

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

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 provides all new directors with an orientation manual and 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 CEO of the Corporation. 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 CFO of the Corporation 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 sessions) 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 written code of business conduct and ethics (the “**Code of Conduct**”) 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 put 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 request to 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.

Director Term Limits and Other Mechanisms of Board Renewal

The Corporation has not adopted term limits for directors or other mechanisms of board renewal. The Board of Directors does not believe that fixed term limits or mandatory retirement ages are in the best interest of the Corporation.

Majority Voting Policy

On March 15, 2017, the Board amended its Majority Voting Policy as required by the policies of the TSX. Pursuant to the Majority Voting Policy, each director of the Corporation must be elected by a majority (50%+1 vote) of the votes cast with respect to his or her election other than at contested meetings, where

“votes cast” means the majority of any “for” or “withheld” votes cast with respect to a director’s election, excluding any failures to vote, defective votes or broker non-votes with respect to that director’s election. “contested meeting” is a meeting at which the number of directors nominated for election is greater than the number of seats available on the Board

If a nominee for election as director does not receive the vote of at least a majority of the votes cast at any uncontested meeting for the election of directors at which a quorum has been confirmed, the director, duly elected in accordance with the requirements of the ABCA and the Corporation’s Articles, shall nonetheless immediately tender his or her resignation from the Board to the Board following said election.

Each director nominated for election or re-election to the Board shall acknowledge in writing his or her agreement to be bound by the Majority Voting Policy.

Following receipt of a resignation submitted pursuant to the Majority Voting Policy, and in any event, within 90 days after the shareholder meeting, the Board shall determine whether or not to accept the offer of resignation through a process managed by the Corporate Governance and Nominating Committee. The Board shall accept the resignation absent exceptional circumstances. In considering whether or not to accept the resignation, the Board will consider factors that may be provided as guidance by the TSX and all factors deemed relevant by the Board including, without limitation, the stated reasons why shareholders withheld votes from the election of that nominee, the length of service and the qualifications of the director whose resignation has been submitted, such director’s contributions to the Corporation, and the Corporation’s legal obligations under applicable laws.

A director who tenders his or her resignation pursuant to the Majority Voting Policy shall not be permitted to participate in any meeting of the Board at which his or her resignation is to be considered, but will be counted for the purpose of determining whether the Board has a quorum if required in the event that a sufficient number of the Board members did not receive a majority of the votes cast in the same election.

The Corporation must promptly issue a news release with the Board’s decision, a copy of which must be provided to the TSX.

If a director’s resignation is not accepted by the Board, such director will continue to serve until the next annual meeting and until his or her successor is duly elected, or his or her earlier resignation or removal, as provided for in the Corporation’s Articles, or the director shall otherwise serve for such shorter time and under such other conditions as determined by the Board, considering all of the relevant facts and circumstances. If a resignation is accepted, the Board may in accordance with the provisions of the Corporation’s Articles, appoint a new director to fill any vacancy created by the resignation.

Policies Regarding the Representation of Women on the Board of Directors and Management

The Board of Directors has not adopted any policies that address the identification and nomination of women directors. The Board of Directors believes that it is in the best interests of the Corporation to make nominations of directors on the basis of skills, knowledge, experience, character and the requirements of the Board of Directors and management at the time. The Corporation is committed to a meritocracy and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve the Corporation’s business objectives, without reference to their age or gender is in the best interests of the Corporation. The level of representation of women on the Board of Directors is not considered in identifying and nominating candidates for election or re-election to the Board of Directors. The Corporation has not imposed quotas or targets regarding the representation of women on the Board of Directors and in executive officer positions. There are currently no women serving on the Board of Directors and no women serving in executive officer positions at the Corporation.

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 required relevant disclosure in relation to its composition and other matters are included in the Corporation's Annual Information Form dated March 15, 2017, which is available on the SEDAR website at www.sedar.com. 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 2018, 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 Conduct and management's monitoring of compliance with the Code of Conduct, 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 comprised of Messrs. Bowerman (Chair), Weir, Morton and Mackenzie, all of whom are independent. 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 provided with all compensation materials, including comparative surveys, in advance of the meetings in order to carefully consider management's recommendation and get independent advice if desired.

All of the members of the Compensation Committee are independent and have direct experience that is relevant to their responsibilities regarding executive compensation of the Corporation. Messrs. Bowerman, MacKenzie and Weir have acted as executive officers and directors of other oil and gas and service companies. As a result, the Compensation Committee has knowledge of typical day-to-day responsibilities and challenges faced by the Corporation's management team, and first-hand knowledge regarding executive compensation policies and practices in the public oil and gas sector, all of which are beneficial in the context of its review of the Corporation's compensation policies and practices.

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 2017

	<u>Gordon Bowerman</u>	<u>Robert Weir</u>	<u>Frederick (Ted) Morton</u>	<u>Neil MacKenzie</u>	<u>James Evaskevich</u>
Board of Directors	5/5	5/5	5/5	5/5	5/5
Audit Committee	4/4	4/4	4/4	4/4	N/A

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, 2017.

Under NI 51-102, 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.