



## YOHO RESOURCES ANNOUNCES STRATEGIC TRANSACTION TO CREATE A WELL CAPITALIZED DUVERNAY FOCUSED COMPANY

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Calgary, Alberta – January 23, 2014 - Yoho Resources Inc. ("**Yoho**" or the "**Company**") (TSXV:YO) announces that it has entered into an asset purchase and sale agreement (the "**Agreement**") for the divestiture (the "**Transaction**") of its Montney acreage in the Nig area of Northeast British Columbia (the "**Nig Assets**") to Storm Resources Ltd. (the "**Purchaser**") for total consideration of approximately \$87.7 million.

Pursuant to the terms of the Agreement, Storm has agreed to acquire the Nig Assets for total consideration of approximately \$87.7 million, subject to customary adjustments, comprised of 13,629,442 common shares in the capital of Storm (the "**Storm Shares**") with a deemed value at \$4.23, the closing price for Storm's common shares on the TSX Venture Exchange on January 22, 2014 and \$30 million in cash (the "**Cash Consideration**"). Closing of the Transaction is anticipated to occur on or about January 31, 2014 and is subject to customary conditions for an asset divestiture of this nature.

Yoho anticipates that it will distribute the Storm Shares to the shareholders of Yoho pursuant to a plan of arrangement to be carried out in accordance with the provisions of the *Business Corporations Act* (Alberta) (the "**Arrangement**") whereby Yoho shareholders are expected to receive an entitlement of approximately 0.27011 of a Storm Share for every one currently outstanding Yoho basic share. Yoho expects that the Cash Consideration, net of closing adjustments, will be utilized to eliminate Yoho's current bank indebtedness and to fund further exploration and development drilling activities on Yoho's Duvernay acreage in the Kaybob area of west central Alberta and at Inga, British Columbia. It is anticipated that approval of the Arrangement by Yoho's shareholders will be sought in March 2014 at Yoho's annual and special meeting of shareholders. Further details on the proposed Arrangement will be announced at a later date.

### **Strategic Rationale**

The Transaction will provide Yoho with further flexibility to fund its planned exploration and development activities on its Duvernay acreage where Yoho and other industry participants have experienced highly successful drilling results to date. Yoho will also be allocating increased capital to the Inga area of British Columbia.

Further, by receiving Storm Shares through the Arrangement, Yoho shareholders will continue to participate in the growth potential and future value creation of the Nig (referred to by Storm as Umbach) play. Yoho shareholders will have a broader exposure to the play through their ownership in Storm, given Storm's significant position at Nig and their ability to deliver multi-year growth in production and reserves. Storm is a natural gas and oil resource play focused company listed on the TSX Venture Exchange with operations in Umbach (Nig) and Horn River Basin areas of north eastern British Columbia, and in the

Grande Prairie area of north western Alberta. Storm currently owns approximately 79,000 net acres of Montney rights in the Nig area of British Columbia, which acreage is contiguous to the Yoho Nig Assets.

FirstEnergy Capital Corp. acted as financial advisor to Yoho with respect to the Transaction.

### Yoho Post Transaction

Although the Transaction will result in a short-term reduction in Yoho's production volumes, production levels are expected to be restored to original budget levels by Q1 fiscal 2015 through the reallocation of capital (from Yoho's original capital plan) to the Kaybob Duvernay and Inga properties. Budgeted production volumes are expected to reach 3,200 – 3,300 boe per day by the end of calendar 2014. Average production for fiscal 2014 is expected to be lower at 2,100 – 2,200 boe per day versus the original budget of 2,700 – 2,800 boe per day. Cash flow for fiscal 2014 is now estimated at \$16.5 - \$17.0 million, down from the pre-Transaction budgeted cash flow of \$18.0 - \$19.0 million. In the updated fiscal 2014 budget, the Company is expecting increased average netbacks on a per boe basis as incremental production for fiscal 2014 is expected to include an increased amount of natural gas liquids. Fiscal Q4 2014 (July to September 2014) cash flow is estimated at approximately \$6.0 million, as compared to the original budget Q4 2014 cash flow of \$6.0 million. Post closing of the Transaction, at the end of fiscal 2014 (September 30, 2014), Yoho expects its bank debt to be dramatically lower, at approximately \$28.0 million (1.2 times Q4 annualized cash flow) from the original budgeted debt of \$41.0 - \$43.0 million (2.2 times originally budget Q4 annualized cash flow).

	Updated Fiscal 2014 Budget	Original Fiscal 2014 Budget
<b>Capital Expenditures</b>	\$40.0 - \$42.0 Million	\$31.0 - \$32.0 Million
<b>Netback per Boe</b>	\$26.00	\$24.00
<b>Average Fiscal 2014 Production</b>	2,100 – 2,200 Boe per day	2,750 – 2,800 Boe per day
<b>Cash Flow Fiscal 2014</b>	\$16.5 – \$17.0 Million	\$18.0 - \$19.0 Million
<b>Ending Estimate Bank Debt</b>	\$28.0 million	\$41.0 – \$43.0 million

The Company's lender is currently conducting a borrowing base review post-Transaction. No amounts are expected to be drawn on the credit facility immediately following closing, leaving the revised full amount available to be drawn by Yoho going forward.

### Key attributes of the Nig Assets

The Nig Assets which are the subject of the Transaction have the following key attributes:

Average Daily Production (three months ended September 30, 2013):	
Oil and Liquids (bbls per day)	67
Natural Gas (Mmcf per day)	1,750
Total (boe per day)	360
Oil and Liquids %	19
Reserves <sup>(1)</sup>	
Proved (Mboe)	2,698
Proved and Probable (Mboe)	27,163
Reserve Values <sup>(2)(3)</sup>	
Proved (\$MM)	19,022
Proved and Probable (\$MM)	146,453
Future Development Capital Proved (\$MM Undiscounted) <sup>(1)</sup>	19,431
Future Development Capital Proved and Probable (\$MM Undiscounted) <sup>(1)</sup>	202,409
Gross / Net Land (acres)	20,445

Notes:

- (1) Based on the Company's independent reserve evaluation prepared by GLJ Petroleum Consultants Ltd. ("GLJ") dated November 15, 2013 and effective September 30, 2013 (the "GLJ Report").
- (2) Reserve values are the before tax present values of cash flow at a 10% discount rate as per the GLJ Report and do not necessarily represent fair market value.
- (3) As at September 30, 2013.

## **Operations and Revised Fiscal 2014 Budget**

Yoho's updated plans for fiscal 2014 at Kaybob include the drilling of 4 (1.5 net) wells at Kaybob and to complete installation of a compressor on the Tony Creek block. In addition, 2 (2.0 net) wells are planned to be drilled in at Inga, British Columbia during fiscal 2014. To date in fiscal 2014, Yoho participated in the drilling of one Duvernay (0.5 net) well at Kaybob with an additional well (33.33% working interest) currently drilling. The first well was drilled to the planned horizontal length with good gas shows during the drilling. After the drilling of the well, operational issues were encountered while running production casing as part of the process to begin completion operations. Operations on this well are currently suspended as the operator reviews various options, ranging from remediation of the existing wellbore to the re-drilling of the well. Yoho's cost to date for the drilling of the well is approximately \$2.5 million; however, the well operator is currently negotiating the recovery of all of these costs from the service company involved in the production casing issues. In Q1 of fiscal 2014, Yoho also drilled and cased (not completed) one 100% well in the Nig area which will be included in the Transaction with Storm.

## **FOR FURTHER INFORMATION PLEASE CONTACT:**

Brian McLachlan  
President & Chief Executive Officer  
(403) 537-1771 x103

Wendy Woolsey  
Vice-President Finance & Chief Financial Officer  
(403) 537-1771 x102

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## **READER ADVISORY**

This press release contains forward-looking statements as to Yoho's internal projections, forecasts, expectations or beliefs relating to future events or future performance, including: production and reserve estimates, capital expenditure plans, and future operations including the number of wells to be drilled and timing thereof, results from future operations and forecast operating metrics including netbacks and cash flow estimates, the effect of the Transaction on continuing operations, anticipated debt amounts post-Transaction, future available credit facilities, liquidity and financial capacity, anticipated timing for the completion of the Arrangement, including the timing of the proposed shareholder meeting to approve the same. In some cases, forward-looking statements can be identified by terminology such as "may", "will", "should", "expects", "projects", "plans", "anticipates" and similar expressions. These statements represent the expectations or beliefs of management of Yoho concerning, among other things, future capital expenditures and future operating results and various components thereof or the economic performance of Yoho. The projections, estimates and beliefs contained in such forward-looking statements are based on management's assumptions relating to the production performance of Yoho's assets, the cost and competition for services throughout the oil and gas industry, the results of exploration and development activities during fiscal 2014 and 2015, the market price for oil and gas, expectations regarding the

availability of capital, estimates as to the size of reserves and resources, and the continuation of the current regulatory and tax regime in Canada, and necessarily involve known and unknown risks and uncertainties inherent in exploration and development activities, geological, technical, drilling and processing problems and other risks and uncertainties, including the business risks discussed in management's discussion and analysis and the annual information form of Yoho, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted. Yoho does not undertake to update any forward looking information in this document whether as to new information, future events or otherwise except as required by securities rules and regulations.

This press release also contains forward-looking statements and information concerning the anticipated completion of the Transaction, the anticipated distribution of Storm Shares to Yoho shareholders and the amount thereof and the anticipated timing for completion of these matters. Yoho has provided these anticipated times in reliance on certain assumptions that it believes is reasonable at this time, including assumptions as to the time required to prepare meeting materials for the shareholder meeting relating to the proposed share distribution, the timing of receipt of the necessary regulatory approvals and the satisfaction of and time necessary to satisfy the conditions to the closing of the Transaction and the Arrangement, including all necessary court, stock exchange, lender and other third party approvals and consents. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Transaction and the Arrangement. In addition, there are no assurances the Transaction and the Arrangement will be completed. In the event the Transaction is not completed, the share distribution will not be completed. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this press release concerning these times. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect Yoho's operations or financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)), or Yoho's website ([www.yohoresources.ca](http://www.yohoresources.ca)).

The forward-looking statements and information contained in this press release are made as of the date hereof and Yoho undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

This press release, in particular the information in respect of anticipated cash flows, may contain Future Oriented Financial Information ("FOFI") within the meaning of applicable Canadian securities laws. The FOFI has been prepared by management of Yoho to provide an outlook of Yoho's anticipated activities and results post Transaction. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading "Reader Advisory" and assumptions with respect to production rates, drilling results, and commodity prices. The actual results of operations of the Yoho and the resulting financial results may vary from the amounts set forth herein, and such variation may be material. Yoho and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments.

Barrel of oil equivalents or boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 Mcf: 1 bbl, utilizing a conversion ratio of 6 Mcf: 1 bbl may be a misleading indication of value. The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as the estimates of reserves and future net revenue for all properties of Yoho due to the effects of

aggregation. The net present value of future net revenue of reserves does not represent the fair market value thereof.

*Selected Definitions*

The following terms used in this press release have the meanings set forth below:

"bbl" means barrel

"boe" means barrel of oil equivalent of natural gas and crude oil on the basis of 1 boe for six thousand cubic feet of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices)

"Mbbbl" means thousand barrels

"Mboe" means 1,000 barrels of oil equivalent

"Mcf" means one thousand cubic feet

"Mmcf" means one million cubic feet

"MMbtu" means million British Thermal Units

"\$MM" means millions of dollars

The common shares of Yoho have not and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold in the United States or to any U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.