



Management's Discussion and Analysis

For the Three and Six Months Ended March 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A"), dated May 24, 2016, reviews Yoho Resources Inc.'s ("Yoho" or the "Company") activities and results of operations for the three and six month periods ended March 31, 2016 and 2015 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the three and six month periods ended March 31, 2016 and 2015 and the audited consolidated financial statements and MD&A for the years ended September 30, 2015 and 2014. The condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). There have been no significant changes to the critical estimates disclosed in the Company's audited financial statements for the years ended September 30, 2015 and 2014. All figures provided herein are reported in Canadian dollars unless otherwise stated.

NON-IFRS FINANCIAL MEASURES

The MD&A contains the term "funds from (used in) operations" and "funds from (used in) operations per share" which do not have any standardized meaning prescribed by IFRS. Management uses funds from (used in) operations and funds from (used in) operations per share to analyze operating performance and leverage and considers funds from (used in) operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future capital investments and to repay debt. Funds from (used in) operations should not be considered an alternative to, or more meaningful than cash flow from operating activities as determined in accordance with IFRS as an indicator of the Company's performance. Therefore references to funds from (used in) operations or funds from (used in) operations per share (basic and diluted) may not be comparable with the calculation of similar measures for other entities. Yoho calculates funds from (used in) operations per share using the same method used in the determination of net income per share.

Yoho also uses "operating netbacks" and per boe metrics as key performance indicators. These terms do not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. Management considers netbacks an important measure as it demonstrates its profitability relative to current commodity prices. The Company uses this measure to help evaluate its performance.

BOE PRESENTATION

Readers are cautioned that the term "boe" may be misleading, particularly if used in isolation. In conformity with National Instrument 51-101, Standards for Disclosure of Oil and Gas Activities ("NI 51-101"), natural gas volumes have been converted to barrels of oil equivalent ("boe") using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil. This ratio 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 six thousand cubic feet of natural gas to one barrel of oil, utilizing a conversion ratio of six thousand cubic feet of natural gas to one barrel of oil may be a misleading indication of value.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements relating to future events. Forward-looking information is information that does not relate strictly to historical or current facts, and can be identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "should", "believe", or similar expressions. Such statements represent Yoho's internal projections, estimates or beliefs concerning, among other things, an outlook on the estimated amounts and timing of capital expenditures, anticipated future debt, revenues or other expectations, beliefs, plans, objectives, intentions or statements about future events or performance. These statements represent management's best projections, expectations, and estimates as of the date of this document, but undue reliance should not be placed upon them as they are derived from numerous assumptions. These assumptions are subject to known and unknown risks and uncertainties, including the business risks discussed in the MD&A, which may cause actual performance and financial results to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such risks and uncertainties would include, without limitation, risks associated with the oil & natural gas exploration and development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices,

currency fluctuations, imprecision of reserve estimates, environmental risks, increased competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada and the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they are interpreted and enforced, changes in federal and provincial tax laws and legislation (including the adoption of new royalty regimes), the lack of availability of qualified personnel, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Examples of forward looking information in this document include, but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- Yoho's planned capital program for fiscal 2016 is subject to realized commodity prices and funds from operations generated as well as results from drilling operations.
- The expectation that the Company can fund ongoing operations and capital programs with funds from operations and will have available credit facilities to manage working capital. Absolute assurance cannot be given that the funds considered necessary to operate will be available.

This forward-looking information represents our views as of the date of this document and such information should not be relied upon as representing our views as of any date subsequent to the date of this document. We have attempted to identify important factors that could cause actual results, performance or achievements to vary from those current expectations or estimates expressed or implied by the forward-looking information. However, there may be other factors that cause results, performance or achievements not to be as expected or estimated and that could cause actual results, performance or achievements to differ materially from current expectations. **There can be no assurance that forward-looking information will prove to be accurate, as results and future events could differ materially from those expected or estimated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. While we anticipate that subsequent events and developments may cause our views to change, we do not have an intention to update this forward-looking information, except as required by applicable securities laws.**

This MD&A was reviewed and approved by the Company's Audit Committee and Board of Directors on May 24, 2016.

Additional information regarding Yoho is available under the Company's profile on SEDAR at www.sedar.com. Information is also accessible on our website at www.yohoresources.ca.

RESULTS OF OPERATIONS

Production

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Natural Gas (mcf/d)	2,866	5,790	6,880	4,336	6,398
Oil (bbl/d)	99	197	196	148	183
Propane (bbl/d)	11	49	77	30	69
Butane (bbl/d)	12	56	65	34	59
Pentane (bbl/d)	21	203	246	113	226
Total (boe/d)	621	1,470	1,731	1,048	1,603

Lower production in the three and six months ended March 31, 2016 was primarily due to the sale, on December 17, 2015, of approximately 75% of the Company's net Duvernay acreage in the Kaybob area of Alberta ("Kaybob Disposition"). Production from the disposed assets was approximately 1,100 boe per day at the time of the disposition. Production from the disposed assets included in production for the six months ended March 31, 2016 totaled 454 boe per day.

The Company retained 5.5 sections of Kaybob Duvernay acreage at 100% working interest. There is currently one well drilled and completed on this acreage which is awaiting tie-in operations.

In March 2016, the Company's production in the Buick Creek area of British Columbia was shut-in when the facilities the production flows through were shut-in by the operator. Production from Buick Creek was averaging approximately 160 boe per day prior to shut-in. Production for the three months ended March 31, 2016 was approximately 30 boe per day lower due to this shut-in production.

Subsequent to the quarter ended March 31, 2016 the Company's interest in production in the Sweeney area of Alberta has been shut-in due to wildfires. There has been no damage to the wells or facilities related to the production but the field will remain shut-in awaiting repairs to other area infrastructure serving the facilities. Production at Sweeney prior to shut-in was approximately 60 boe per day.

Revenue

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Petroleum and natural gas sales	\$ 672,273	\$ 2,503,494	\$ 3,542,595	\$ 3,175,767	\$ 8,289,986
Prices received					
Natural Gas (\$/mcf)	\$1.37	\$1.42	\$2.43	\$1.40	\$2.97
Oil (\$/bbl)	\$23.66	\$40.25	\$40.72	\$34.76	\$51.79
Propane (\$/bbl)	\$(3.36)	\$(1.45)	\$1.70	\$(1.80)	\$8.46
Butane (\$/bbl)	\$16.68	\$22.88	\$27.88	\$21.80	\$35.05
Pentane (\$/bbl)	\$44.44	\$48.64	\$52.05	\$48.24	\$63.77
Benchmark pricing					
AECO 5A Daily Index (\$/GJ)	\$1.74	\$2.34	\$2.60	\$1.84	\$3.01
AECO 4A less CREC differential (\$/GJ)		\$0.46	\$1.90		\$2.18
Chicago City Gate (US \$/mmbtu)	\$2.52			\$2.52	
BC Station 2 Daily Index (\$/GJ)	\$1.33	\$1.04	\$2.02	\$1.18	\$2.48
Light Oil @ Edmonton (\$/bbl)	\$36.69	\$51.99	\$52.70	\$44.34	\$63.54

The sales point for the Company's natural gas is the field plant gate and the Company's realized natural gas prices are net of downstream transportation costs.

Natural gas pricing in northeast British Columbia and northwest Alberta continues to be significantly impacted by increased supply combined with multiple, overlapping pipeline service outages and transportation bottlenecks that have negatively impacted realized pricing in the region. Approximately 57% of the Company's natural gas production for the three months ended March 31, 2016 is subject to the Station 2 price. The Station 2 prices generally trade at a discount to AECO prices. This discount widened considerably in 2015 due to increased natural gas volumes flowing to the Station 2 market as a result of production growth and production re-directed due to transmission interruptions in Alberta.

Beginning in December 2015, the Company began selling a portion of its Alberta natural gas production through the Alliance pipeline based on a Chicago City Gate index less applicable transportation. Approximately 20% of the Company's production for the three months ended March 31, 2016 was sold under this contract at a realized price of \$3.42 per mcf. Transportation expenses under the contract totalled \$1.53 per mcf for the three months ended March 31, 2016. The Company entered into this contract to diversify the markets for its production as well as obtain firm access to market in an attempt to mitigate ongoing infrastructure constraints. Prior to December 2015, the Company was selling its natural gas flowing on the Alliance pipeline at a price based on the AECO 4A index less a CREC differential.

The majority of the Company's natural gas liquids are sold as a mixed stream. For the quarters ended March 31, 2016 and December 31, 2015 the price received for propane was negative reducing revenue received from the sale of natural gas liquids.

A 58% decrease in production, due primarily to the Kaybob Disposition, along with a 36% decrease in the Company's realized prices for oil and natural gas liquids resulted in lower petroleum and natural gas sales for the current quarter ended March 31, 2016 compared to the prior quarter ended December 31, 2016. A 64% decline in production along with realized price decreases of 44% for natural gas and 38% for oil and natural gas liquids has resulted in lower petroleum and natural gas sales for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

A 35% decrease in production combined with realized price decreases of 53% for natural gas and 30% for oil and natural gas liquids has resulted in lower petroleum and natural gas sales for the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Royalties

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Royalties	\$ (15,713)	\$ 66,104	\$ 134,740	\$ 50,391	\$ 484,933
Royalties as a percentage of sales	(2)%	3%	4%	2%	6%

The rate at which Crown royalties are charged varies according to price and volume and can be further reduced by Crown royalty incentive programs. During the three months ended March 31, 2016 the Company received credit adjustments related to its prior year Alberta Crown royalty gas cost allowance resulting in a slight recovery of royalties for the quarter. Lower commodity prices along with the gas cost allowance adjustments has resulted in lower royalty rates and lower royalties for the three and six months ended March 31, 2016 compared to the three and six months ended March 31, 2015.

Operating Expenses

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Operating expenses	\$ 764,785	\$ 1,333,903	\$ 2,106,911	\$ 2,098,688	\$ 3,911,841
Per boe (\$/boe)	\$13.53	\$9.86	\$13.53	\$10.94	\$13.41

Lower production has resulted in reduced operating expenses for the quarter ended March 31, 2016 compared to the quarters ended December 31, 2015 and March 31, 2015.

The Company pays fees to third party operators to gather and process the Company's natural gas production. A portion of these fees are to recover variable operating costs incurred by the third party operators at their facilities. These fees are billed on a monthly basis based on the operators' estimates of total operating expenses and throughput for the year. The operators will subsequently equalize each user of their facility based on actual operating expenses and throughput. During the three months ended December 31, 2015, the Company received equalization credits which resulted in lower operating expenses per boe in that quarter and for the six months ended March 31, 2016.

Operating Netback (\$/boe)

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Petroleum and natural gas sales	\$11.90	\$18.51	\$22.75	\$16.56	\$28.42
Royalties	0.28	(0.49)	(0.87)	(0.26)	(1.66)
Operating expenses	(13.53)	(9.86)	(13.53)	(10.94)	(13.41)
Operating netback	\$(1.35)	\$8.16	\$8.35	\$5.36	\$13.35

Realized prices for petroleum and natural gas sales for the three months ended March 31, 2016 declined 36% from the three months ended December 31, 2015 and 48% from the three months ended March 31, 2015 and have been the most significant contributor to changes in the Company's operating netback. Lower prices across all commodities were partially offset by lower royalties resulting in a lower netback for the three and six months ended March 31, 2016 relative to the comparative periods.

General and Administrative Expenses

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
General and administrative expenses	\$ 395,074	\$ 354,898	\$ 477,357	\$ 749,972	\$ 1,095,225
Per boe (\$/boe)	\$6.99	\$2.62	\$3.07	\$3.91	\$3.75
General and administrative expenses capitalized	\$ 171,746	\$ 115,829	\$ 110,226	\$ 287,575	\$ 285,255

General and administrative expenses have been reduced as a result of general cost saving initiatives implemented by management in response to the decline in commodity prices. In particular management has conducted a thorough review of all non-essential general and administrative expenses including amounts accrued related to the Company's incentive compensation plan. Ongoing savings from prudent management of the Company's general and administrative expenses have resulted in a decline in general and administrative expenses for the three and six months ended March 31, 2016 compared to the three and six months ended March 31, 2015. The increase in general and administrative expenses per boe for the three and six months ended March 31, 2016 compared to the three and six months ended March 31, 2015 is the result of lower production.

Capitalized general and administrative expenses are those corporate costs related directly to exploration and development activities.

Finance Expense

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Credit facility interest	\$ (5,182)	\$ 336,367	\$ 176,700	\$ 331,185	\$ 307,109
Convertible debenture interest	114,681	246,168	-	360,849	-
Total interest	\$ 109,499	\$ 582,535	\$ 176,700	\$ 692,034	\$ 307,109
Per boe (\$/boe)	\$1.94	\$4.31	\$1.13	\$3.61	\$1.05
Effective interest rate	5.5%	5.5%	4.4%	5.5%	4.6%
Closing loan balance	\$ -	\$ -	\$ 15,240,966	\$ -	\$ 15,240,966
Change in fair value of the convertible debenture embedded derivative	\$ -	\$ 1,032,929	\$ -	\$ 1,032,929	\$ -
Accretion of the convertible debenture	2,856,621	1,105,035	-	3,961,656	-
Accretion of the decommissioning obligation	48,335	54,362	74,195	102,697	146,624
Total non-cash finance expense	\$ 2,904,956	\$ 2,192,326	\$ 74,195	\$ 5,097,282	\$ 146,624
Per boe (\$/boe)	\$51.40	\$16.21	\$0.48	\$26.58	\$0.50

In June 2015, the Company issued \$11.8 million principal amount of convertible secured second lien debentures. The debentures bore interest at a rate of 8.25% payable semi-annually on the last day of June and December. Upon issuance the debentures were initially measured at fair value with the discount being accreted such that the liability at maturity is equal to principal amount of the debentures. The issuance of the debentures has contributed to the increase in both cash and non-cash finance expense for the three and six months ended March 31, 2016 compared to the three and six months ended March 31, 2015. On January 8, 2016, subsequent to the Kaybob Disposition and in accordance with the terms of the debentures, the Company made an offer to purchase any and all of the outstanding debentures at a price equal to 120% of the principal amount plus accrued and unpaid interest.

On February 12, 2016, the Company completed the purchase for cancellation of all of the outstanding debentures for \$14.2 million. Additional accretion expense was recorded in the three and six months ended March 31, 2016 to reflect the change in the term of the debentures resulting from the repayment of the debentures.

The Company maintained a positive cash balance during the three months ended March 31, 2016 generating a small amount of interest income for the period. An increase in interest rates calculated based on the Company's prior quarter debt to cash-flow ratio along with higher average outstanding loan balances resulted in a slight increase in interest expense on the Company's bank credit facilities for the six months ended March 31, 2016 compared to the six months ended March 31, 2015. In December 2015, the Company repaid all amounts outstanding under its bank credit facilities with proceeds of the Kaybob Disposition.

Financial Derivative Contracts

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Unrealized mark-to-market gain (loss)	\$ -	\$ (2,285)	\$ 22,196	\$ (2,285)	\$ 140,209
Per boe (\$/boe)	\$0.00	\$(0.02)	\$0.14	\$(0.01)	\$0.48
Realized settlement gain (loss)	\$ -	\$ 5,875	\$ -	\$ 5,875	\$ 41,863
Per boe (\$/boe)	\$0.00	\$0.04	\$0.00	\$0.03	\$0.14

From time to time the Company will use financial derivative contracts to manage its exposure to fluctuations in commodity prices. The use of financial derivative contracts exposes the Company to the risk that fluctuations in commodity prices can give rise to large changes in the fair value of these contracts resulting in correspondingly large impacts to net income. The Company uses financial derivative contracts to protect cash flow for use on operating and capital expenditures and views the risk to changes in fair value as acceptable. All such transactions are conducted in accordance with the Company's risk management policy that has been approved by the Board of Directors.

Subsequent to the quarter ended March 31, 2016 the Company entered into the following derivative contract:

Contract	Notional	Reference	Strike	Remaining Term
Natural Gas Swap	1,000 GJ / day	AECO 5A in CAD per GJ	\$2.00	May 1, 2016 to December 31, 2017

Stock-based Compensation

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Stock-based compensation expensed	\$ 97,824	\$ 91,742	\$ 206,567	\$ 189,566	\$ 480,644
Per boe (\$/boe)	\$1.73	\$0.68	\$1.33	\$0.99	\$1.65
Stock-based compensation capitalized	\$ 57,879	\$ 58,384	\$ 128,625	\$ 116,263	\$ 298,758

Stock-based compensation is capitalized in a manner consistent with capitalized general and administrative expenses.

The vesting of options has resulted in a decrease in stock-based compensation in the three and six months ended March 31, 2016 compared to the three and six months ended March 31, 2015. On January 19, 2016, the Company issued share options, exercisable at a price of \$0.195 per share, to purchase a total of 2,720,000 common shares of the Company to certain of its directors, senior officers and employees in accordance with the share option plan. This resulted in a slight increase in stock-based compensation for the three months ended March 31, 2016 compared to the three months ended December 31, 2015.

Depletion and Depreciation

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Depletion and depreciation	\$ 521,520	\$ 1,431,052	\$ 2,301,101	\$ 1,952,572	\$ 4,430,376
Per boe (\$/boe)	\$9.23	\$10.58	\$14.78	\$10.18	\$15.19

The Kaybob Disposition, along with impairments recognized at December 31, 2015 and during the year ended September 30, 2015 have resulted in lower depletion and depreciation and depletion and depreciation per boe for

the three months ended March 31, 2016 compared to the three months ended December 31, 2015 and March 31, 2015.

Lower depletion and depreciation and depletion and depreciation per boe for the six months ended March 31, 2016 compared the six months ended March 31, 2015 can also be attributed to the Kaybob Disposition and the impairment of property, plant and equipment.

Impairment

As a result of declines in forecast prices, the Company reviewed each of its cash generating units (“CGU”) for indicators of impairment. During its fiscal first quarter ended December 31, 2015 this review resulted in a \$3,049,845 impairment. The impairment was based on the difference between the period end book value of each CGU and the recoverable amount. The recoverable amount was determined using fair value less cost to sell based on discounted cash flows of proved plus probable reserves using forecast prices and discount rates of between 10% and 20%.

Gain on Property Disposal

During the six months ended March 31, 2016 the Company recognized a gain on the Kaybob Disposition of \$589,485. The gain represents the difference between the net proceeds of the disposition of \$48.5 million and the net book value of the disposed property of \$47.9 million. The Company also closed two additional dispositions of minor properties resulting in the recognition of gains on disposal of \$133,669.

Taxes

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Deferred income tax expense (reduction)	\$ -	\$ (378,115)	\$ (563,249)	\$ (378,115)	\$ (3,136,152)

At March 31, 2016, Yoho had an estimated total of \$50.0 million of tax pools available to reduce future taxable income and corporate income taxes. During the six months ended March 31, 2016, the Company incurred all of the \$5,142,364 eligible Canadian Development Expenses required under the flow-through share agreements dated June 16, 2015. The flow-through share premium associated with the eligible expenses renounced has been recognized through the deferred income tax reduction for the six months ended March 31, 2016.

Funds from (used in) Operations

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Cash flow from operating activities	\$ 268,852	\$ (1,009,352)	\$ 379,148	\$ (740,499)	\$ 3,864,996
Asset retirement expenditures	65,598	119,687	68,265	185,285	169,959
Change in non-cash working capital	(915,822)	1,061,594	199,474	145,771	(1,502,214)
Funds from (used in) operations	\$ (581,372)	\$ 171,929	\$ 646,887	\$ (409,443)	\$ 2,532,741
Per basic share	\$ (0.01)	\$ 0.00	\$ 0.01	\$ (0.01)	\$ 0.05
Per diluted share	\$ (0.01)	\$ 0.00	\$ 0.01	\$ (0.01)	\$ 0.05

Reduced petroleum and natural gas sales were partially offset by lower royalties and operating expenses, and reduced general and administrative expenses resulting in a decline in funds from operations for the quarter ended March 31, 2016 compared to the quarters ended December 31, 2015 and March 31, 2015.

Net Loss

	Three Months Ended			Six Months Ended	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
Net income (loss)	\$ (4,102,477)	\$ (5,497,247)	\$ (1,888,845)	\$ (9,599,724)	\$ (9,917,432)
Per basic share	\$ (0.07)	\$ (0.09)	\$ (0.04)	\$ (0.16)	\$ (0.19)
Per diluted share	\$ (0.07)	\$ (0.09)	\$ (0.04)	\$ (0.16)	\$ (0.19)

Reduced funds from operations combined with additional expenses related to the repayment of the convertible debentures and impairment of property, plant and equipment resulted in higher losses for the quarters ended March 31, 2016 and December 31, 2015 compared to the quarter ended March 31, 2015. These items resulted in a comparable net loss for the six months ended March 31, 2016 compared the six months ended March 31, 2015. The loss for the six months ended March 31, 2015 included additional expenses related to impairment of property plant and equipment.

Capital Expenditures

Yoho undertook completion operations on one well (1.0 net) during the six months ended March 31, 2016. Tie-in operations for the well are expected to take place in the second half of fiscal 2016.

	March 31, 2016	March 31, 2015
Land	\$ 143,327	\$ 1,205,496
Seismic	7,295	22,754
Drilling and completion	6,560,661	23,871,620
Equipment and facilities	(585,436)	2,148,963
Other assets	102,290	115,296
Exploration and development expenditures	6,228,137	27,364,129
Asset disposition – cash received	(48,658,272)	(156,104)
Asset disposition – non-cash adjustments	(16,679,498)	(444,314)
Decommissioning costs and capitalized stock-based compensation	166,112	1,489,831
Total capital additions	\$ (58,943,521)	\$ 28,253,542
	March 31, 2016	March 31, 2015
Net exploration and evaluation additions	\$ 129,959	\$ 3,866,882
Net property, plant and equipment additions	(59,073,480)	24,386,660
Total capital additions	\$ (58,943,521)	\$ 28,253,542

LIQUIDITY AND CAPITAL RESOURCES

In December, 2015, in conjunction with the Kaybob Disposition (note 3), the Company's borrowing base was re-determined. As at March 31, 2016, the Company has in place bank credit facilities which allow borrowings up to \$5 million under a revolving operating demand loan. The advances are due on demand and bear interest at the bank's prime lending rate or bankers' acceptance rates plus a margin based upon the Company's prior quarter debt to cash-flow ratio. The average effective interest rate for the six months ended March 31, 2016 was 5.5% (March 31, 2015 – 4.6%). The credit facilities are secured by a \$75 million debenture with a floating charge over all assets and a negative pledge and undertaking to provide fixed charges on the Company's major producing petroleum and natural gas reserves. The available lending limits under the bank facilities are subject to periodic review and are based on the bank's interpretation of the Company's reserves and future commodity prices. The next review is to be on or before August 1, 2016. There can be no assurance that the amount or terms of the available facilities will not be adjusted at the next review. At March 31, 2016, the Company was in compliance with all covenants stipulated in the credit facility, including the maintenance of an adjusted working capital ratio greater than 1 to 1. The working capital ratio is defined under the terms of the credit facilities as current assets, including the undrawn portion of the revolving operating demand loan, to current liabilities, excluding any current bank indebtedness. At March 31, 2016, there were no amounts outstanding (September 30, 2015 - \$19.8 million) under the Company's bank credit facilities.

On January 8, 2016, subsequent to the Kaybob Disposition and in accordance with the terms of the debentures, the Company made an offer to purchase any and all of the outstanding debentures at a price equal to 120% of the principal amount plus accrued and unpaid interest. On February 12, 2016, the Company completed the purchase for cancellation of all of the outstanding debentures for \$14.2 million.

The Company expects to fund its planned capital expenditures for fiscal 2016 with a combination of funds from operations and available cash. There continues to be considerable uncertainty in global commodity prices. The development of the Company's oil and gas assets is dependent on the ability of the Company to secure sufficient funds through operations, bank facilities and other sources. Uncertain levels of near term industry activity coupled with the present commodity price concerns exposes the Company to additional access-to-capital risk. The Company is carefully monitoring its capital spending to ensure compliance with lending covenants and proper management of available credit facilities. Management believes the continued development of its oil and gas assets can be achieved through prudent management of its capital program and active dialogue with its lenders.

OFF BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

Yoho has various contractual obligations and commitments arising in the normal course of operations and financing activities. These obligations and commitments have been considered when assessing the cash requirements in the above discussion of future liquidity.

At March 31, 2016, the Company is committed to future payments for operating leases and gas transportation agreements for fiscal years as detailed below:

	2016	2017	2018
Office lease	89,310	-	-
Gas transportation agreements	178,998	332,357	27,754

The Company does not have any arrangements or obligations that are not reflected in the consolidated financial statements or notes to the consolidated financial statements.

OUTSTANDING SHARES

As at May 24, 2016, Yoho had the following equity securities outstanding:

Common shares	61,154,831
Options to purchase common shares	6,070,012

The common shares trade on the TSXV under the symbol "YO".

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The Company has reviewed the following new accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company's financial statements:

IFRS 9 Financial Instruments. On July 24, 2014 the IASB issued IFRS 9 which replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivable. Under IFRS 9 financial assets will be classified into one of two categories on initial recognition: financial assets measured at amortized cost; or financial assets measured at fair value. The Standard also includes new hedge accounting guidance which replaces strict quantitative tests of effectiveness with less restrictive assessments of how well the hedging instrument accomplishes the Company's risk management objectives for financial and non-financial risk exposures. IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted. We are currently evaluating the impact, if any, that the adoption of this standard will have on the consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a comprehensive frame work for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 16 Leases. On January 13, 2016, the IASB issued IFRS 16 which requires entities to recognized lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating or finance leases, effectively treating all leases as finance leases. Certain short term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. We are currently evaluating the impact that the adoption of this standard will have on the consolidated financial statements.

SUPPLEMENTAL QUARTERLY INFORMATION

The following tables summarize key financial and operating information for the periods indicated.

	Three Months Ended			
	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015
Petroleum and natural gas sales	672,273	2,503,494	3,525,262	4,714,472
Cash flow from operating activities	268,852	(1,009,352)	(656,917)	701,647
Funds from (used in) operations	(581,372)	171,929	588,965	1,459,427
per share (basic)	(0.01)	0.00	0.01	0.03
per share (diluted)	(0.01)	0.00	0.01	0.03
Net income (loss)	(4,102,477)	(5,497,247)	(50,004,515)	(2,641,660)
per share (basic)	(0.07)	(0.09)	(0.82)	(0.05)
per share (diluted)	(0.07)	(0.09)	(0.82)	(0.05)
Net capital expenditures	505,361	5,722,776	1,754,674	5,421,018
Total assets	65,098,225	80,477,517	112,180,973	179,050,615
Production (boe/d)	621	1,470	1,739	1,911
Average commodity prices:				
Natural gas (\$/mcf)	1.37	1.42	2.22	2.17
Oil & NGL oil (\$/bbl)	24.05	37.65	40.62	50.65

	Three Months Ended			
	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014
Petroleum and natural gas sales	3,542,595	4,747,391	5,784,692	6,097,035
Cash flow from operating activities	379,148	3,485,848	892,714	3,193,034
Funds from operations	646,887	1,885,854	2,583,041	2,223,557
per share (basic)	0.01	0.04	0.05	0.04
per share (diluted)	0.01	0.04	0.05	0.04
Net income (loss)	(1,888,845)	(8,028,587)	(2,132,529)	499,947
per share (basic)	(0.04)	(0.15)	(0.04)	0.01
per share (diluted)	(0.04)	(0.15)	(0.04)	0.01
Net capital expenditures	8,541,995	18,882,134	6,536,334	8,907,434
Total assets	176,491,797	169,369,710	164,812,494	169,764,542
Production (boe/d)	1,731	1,479	1,548	1,563
Average commodity prices:				
Natural gas (\$/mcf)	2.43	3.59	4.21	4.81
Oil & NGL (\$/bbl)	38.92	61.79	77.22	81.20

Significant factors and trends that have impacted the Company's results during the past eight fiscal quarters include the following:

- Revenue and royalties are significantly impacted by underlying commodity prices.
- Effective July 1, 2015, the corporate tax rate in Alberta increased from 10% to 12% resulting in an increase in the Company's deferred tax expense.
- Sharp declines in petroleum and natural gas prices beginning in the quarter ended December 31, 2014 and continuing through the current quarter has resulted in lower petroleum and natural gas sales and corresponding decreases in operating netback.
- The disposition of a portion of the Company's Duvernay acreage at Kaybob resulted in a decrease in production beginning in the quarter ended December 31, 2015.
- The loss recorded in the quarter ended September 30, 2015 is the result of impairments recognized due to the sharp and prolonged decline in commodity prices.