NOTICES OF MEETINGS

- and -

NOTICE OF ORIGINATING APPLICATION TO THE COURT OF QUEEN'S BENCH OF ALBERTA

- and -

JOINT INFORMATION CIRCULAR

FOR A SPECIAL MEETING OF THE SHAREHOLDERS OF

EMERGE OIL & GAS INC.

AND A SPECIAL MEETING OF THE SHAREHOLDERS OF

TWIN BUTTE ENERGY LTD.

EACH TO BE HELD JANUARY 9, 2012

WITH RESPECT TO A PROPOSED PLAN OF ARRANGEMENT INVOLVING TWIN BUTTE ENERGY LTD., EMERGE OIL & GAS INC. AND THE SHAREHOLDERS OF EMERGE OIL & GAS INC.

DECEMBER 9, 2011

Unless otherwise stated, the information herein is current as of December 9, 2011.

This document is important and requires your immediate attention. If you have any questions as to how to deal with it, you should consult your investment dealer, broker, bank manager, lawyer or other professional advisor. No securities regulatory authority in Canada has expressed an opinion about, or passed upon the fairness or merits of the transaction described in this document, the securities offered pursuant to such transaction or the adequacy of the information contained in this document and it is an offense to claim otherwise.

TABLE OF CONTENTS

JOINT INFORMATION CIRCULAR

APPENDICES

ENCLOSURES

LETTER TO SHAREHOLDERS

December 9, 2011

Dear Emerge Shareholders:

You are invited to attend a special meeting (the "**Emerge Meeting**") of the holders ("**Emerge Shareholders**") of common shares (the "**Emerge Shares**") of Emerge Oil & Gas Inc. ("**Emerge**") to be held in the Royal Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W. Calgary, Alberta at 9:00 a.m. (Calgary time) on Monday, January 9, 2012 for the following purposes, namely:

1. to consider, pursuant to the interim order made by the Court of Queen's Bench of Alberta and dated December 6, 2011 and, if thought advisable, to approve, with or without amendment, a special resolution (the "**Emerge Resolution**"), the full text of which is set forth in Appendix A-1 to the accompanying joint information circular of Emerge and Twin Butte Energy Ltd. ("**Twin Butte**") dated December 9, 2011 (the "**Information Circular**"), approving a plan of arrangement involving Twin Butte, Emerge and the Emerge Shareholders (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), all as more particularly described below and in the Information Circular; and

2. to transact such other business as may properly come before the Emerge Meeting or any adjournment thereof.

Further particulars of the matters referred to above are set forth in the accompanying Information Circular.

If you are unable to attend the Emerge Meeting in person we request that you date and sign the enclosed form of proxy and mail it to or deposit it with Olympia Trust Company, at 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6. In order to be valid and acted upon at the Emerge Meeting, forms of proxy must be received at the aforesaid address not later than 9:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment of the Emerge Meeting. For information regarding the voting or appointing a proxy by internet or facsimile, see the form of proxy for Emerge Shareholders and the Information Circular under the heading "*General Proxy Matters – Emerge – Voting by Internet*".

Emerge and Twin Butte entered into an arrangement agreement dated as of November 13, 2011 (the "**Arrangement Agreement**") pursuant to which Twin Butte agreed to acquire all of the issued and outstanding Emerge Shares.

Pursuant to the Arrangement, all Emerge Shares will be transferred to Twin Butte in exchange for 0.585 of a common share of Twin Butte (a "**Twin Butte Share**") for each Emerge Share.

After considering, among other things, the Peters & Co. Fairness Opinion that, as of November 13, 2011, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Emerge Shareholders under the Arrangement is fair, from a financial point of view, to the Emerge Shareholders, the anticipated benefits of the Arrangement and the risks associated with completing the Arrangement, the board of directors of Emerge (the "**Emerge Board**") has concluded that the Arrangement is in the best interests of Emerge.

The Emerge Board unanimously recommends that the Emerge Shareholders vote FOR the Emerge Resolution.

If the Arrangement is completed as contemplated, it is expected that former Emerge Shareholders will own approximately 29% of the outstanding Twin Butte Shares subsequent to the Arrangement.

If the Arrangement is completed as contemplated, the board of directors of Twin Butte is expected to be comprised of a total of seven directors, with six directors being current directors of Twin Butte (Messrs. James Brown, John Brussa, David Fitzpatrick, James Saunders, Warren Steckley and William Trickett) plus Mr. Thomas Greschner, being Emerge's current Chairman, President and Chief Executive Officer.

All of the directors and officers of Emerge, together holding approximately 11% of the outstanding Emerge Shares (on a non-diluted basis), have entered into support agreements with Twin Butte pursuant to which they have agreed, among other things, to vote their Emerge Shares in favour of the Emerge Resolution and to otherwise support the Arrangement.

The Emerge Resolution must be approved by not less than:

(i) 66⅔% of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting; and

(ii) a simple majority of the Emerge Shares held by Emerge Shareholders, present in person or represented by proxy at the Emerge Meeting and entitled to vote after excluding the votes required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators.

Completion of the Arrangement is also conditional upon approval of certain matters related to the Arrangement by the holders of Twin Butte Shares at a meeting of such holders, the approval of the Court of Queen's Bench of Alberta and the receipt of required regulatory, stock exchange and third party approvals.

If you are a registered Emerge Shareholder, please complete the enclosed Letter of Transmittal in accordance with the instructions included, sign and return it to the depositary, Valiant Trust Company, in the envelope provided, together with the share certificates representing your Emerge Shares and any other required documents. The Letter of Transmittal contains complete instructions on how to exchange the share certificate(s) representing your Emerge Shares and receive a physical share certificate(s) representing your Twin Butte Shares. You will not receive your physical share certificate(s) representing your Twin Butte Shares until after the Arrangement is completed and you have returned your properly completed documents, including the Letter of Transmittal, and the share certificate(s) representing your Emerge Shares to Valiant Trust Company. If your Emerge Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions.

The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding Emerge and Twin Butte and certain pro forma and other combined information after giving effect to the Arrangement. It also includes certain risk factors relating to the completion of the Arrangement and the potential consequences of an Emerge Shareholder exchanging its Emerge Shares for Twin Butte Shares or in connection with the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

Emerge management and the Emerge Board are excited about the growth prospects and potential value creation for Emerge Shareholders that the combination with Twin Butte is expected to bring. Combining the strengths of these two companies is expected to provide Twin Butte the critical mass and sufficient cash flow to provide a sustained monthly dividend and will create a well positioned intermediate-sized oil and gas exploration and production company focusing on heavy oil opportunities in Alberta and Saskatchewan.

We look forward to receiving your support at the Emerge Meeting.

Yours very truly,

(signed) "*Thomas J. Greschner*"

Thomas J. Greschner
Chairman, President and Chief Executive Officer
Emerge Oil & Gas Inc.

LETTER TO SHAREHOLDERS

December 9, 2011

Dear Twin Butte Shareholders:

You are invited to attend a special meeting (the "**Twin Butte Meeting**") of the holders ("**Twin Butte Shareholders**") of common shares ("**Twin Butte Shares**") of Twin Butte Energy Ltd. ("**Twin Butte**") to be held in the Plaza Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W. at 10:00 a.m. (Calgary time) on Monday, January 9, 2012 for the following purposes, namely:

1. to consider and, if thought advisable, to approve, with or without amendment, an ordinary resolution (the "**Twin Butte Resolution**"), the full text of which is set forth in Appendix A-2 to the accompanying joint information circular of Twin Butte and Emerge Oil & Gas Inc. ("**Emerge**") dated December 9, 2011 (the "**Information Circular**") to approve the issuance of such number of Twin Butte Shares as is required to acquire all of the outstanding common shares of Emerge (the "**Emerge Shares**") in accordance with the terms of a plan of arrangement (the "**Arrangement**") involving Twin Butte, Emerge and the shareholders of Emerge;

2. if the Twin Butte Resolution and the special resolution of the holders of Emerge Shares approving the Arrangement are passed, if thought advisable, to approve, with or without amendment, an ordinary resolution, the full text of which is set forth in the Information Circular, to approve a share award incentive plan for Twin Butte, all as more particularly described in the Information Circular and a copy of which is set forth in Appendix K to the Information Circular; and

3. to transact such other business as may properly come before the Twin Butte Meeting or any adjournment thereof.

Further particulars of the matters referred to above are set forth in the accompanying Information Circular.

If you are unable to attend the Twin Butte Meeting in person we request that you date and sign the enclosed form of proxy and mail it to, or deposit it with, Valiant Trust Company, Attn: Stock Transfer Department, 310, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1 or by facsimile at (403) 233-2857. In order to be valid and acted upon at the Twin Butte Meeting, forms of proxy must be received at the aforesaid address not later than 10:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment of the Twin Butte Meeting. For information regarding the voting or appointing a proxy by internet or facsimile, see the form of proxy for Twin Butte Shareholders and the Information Circular under the heading "*General Proxy Matters – Twin Butte – Voting by Internet*".

Twin Butte and Emerge entered into an arrangement agreement dated as of November 13, 2011 (the "**Arrangement Agreement**"), pursuant to which Twin Butte agreed to acquire all of the issued and outstanding Emerge Shares.

Pursuant to the Arrangement all Emerge Shares will be transferred to Twin Butte in exchange for 0.585 of a Twin Butte Share for each Emerge Share.

After considering, among other things, the fairness opinion of GMP Securities L.P. that, as of November 13, 2011, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein,

the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders, the anticipated benefits of the Arrangement and the risks associated with completing the Arrangement, the board of directors of Twin Butte (the "**Twin Butte Board**") has concluded that the Arrangement is in the best interests of Twin Butte.

The Twin Butte Board unanimously recommends that the Twin Butte Shareholders vote FOR the Twin Butte Resolution.

If the Arrangement is completed as contemplated, it is expected that current Twin Butte Shareholders will own approximately 71% of the outstanding Twin Butte Shares subsequent to the Arrangement.

If the Arrangement is completed as contemplated, the Twin Butte Board is expected to be comprised of a total of seven directors, with six directors being current directors of Twin Butte (Messrs. James Brown, John Brussa, David Fitzpatrick, James Saunders, Warren Steckley and William Trickett) plus Mr. Thomas Greschner, being Emerge's current Chairman, President and Chief Executive Officer.

All of the directors and officers of Twin Butte, together holding approximately 4% of the outstanding Twin Butte Shares, have entered into support agreements with Emerge pursuant to which they have agreed, among other things, to vote their Twin Butte Shares in favour of the Twin Butte Resolution and to otherwise support the Arrangement.

Pursuant to the terms of the Arrangement Agreement and the policies of the Toronto Stock Exchange, completion of the Arrangement is conditional upon approval of the Twin Butte Resolution by greater than 50% of votes cast by the Twin Butte Shareholders, present in person or by proxy, at the Twin Butte Meeting.

Completion of the Arrangement is also conditional upon approval by:

(i) 66⅔% of the votes cast by the Emerge Shareholders, present in person or by proxy at a meeting of such holders (the "**Emerge Meeting**");

(ii) a simple majority of the Emerge Shares held by Emerge Shareholders, present in person or represented by proxy at the Emerge Meeting and entitled to vote after excluding the votes required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* of the Canadian Securities Administrators;

(iii) the approval of the Court of Queen's Bench of Alberta; and

(iv) the receipt of required regulatory, stock exchange and third party approvals.

The Information Circular contains a detailed description of the Arrangement as well as detailed information regarding Twin Butte and Emerge and certain pro forma and other combined information after giving effect to the Arrangement. It also includes certain risk factors relating to the completion of the Arrangement. Please give this material your careful consideration and, if you require assistance, consult your financial, tax or other professional advisors.

Twin Butte's management and the Twin Butte Board are excited about the growth prospects and potential value creation for Twin Butte Shareholders that the combination with Emerge is expected to bring. Combining the strengths of these two companies is expected to provide Twin Butte the critical mass and sufficient cash flow to provide a sustained monthly dividend and will create a well positioned intermediate-sized oil and gas exploration and production company focusing on heavy oil opportunities in Alberta and Saskatchewan.

We look forward to receiving your support at the Twin Butte Meeting.

Yours very truly,

(signed) "*James Saunders*"

James Saunders
President and Chief Executive Officer
Twin Butte Energy Ltd.

NOTICE OF SPECIAL MEETING OF
EMERGE OIL & GAS INC. SHAREHOLDERS

to be held on Monday, January 9, 2012

NOTICE IS HEREBY GIVEN that, pursuant to an order made after application to the Court of Queen's Bench of Alberta dated December 6, 2011 (the "**Interim Order**"), a special meeting (the "**Emerge Meeting**") of the holders ("**Emerge Shareholders**") of common shares ("**Emerge Shares**") of Emerge Oil & Gas Inc. ("**Emerge**") will be held in the Royal Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W. at 9:00 a.m. (Calgary time) on Monday, January 9, 2012, for the following purposes:

1. to consider, pursuant to the Interim Order and, if thought advisable, to approve, with or without amendment, a special resolution (the "**Emerge Resolution**"), the full text of which is set forth in Appendix A-1 to the accompanying joint information circular of Emerge and Twin Butte Energy Ltd. ("**Twin Butte**") dated December 9, 2011 (the "**Information Circular**"), approving a plan of arrangement involving Twin Butte, Emerge and the Emerge Shareholders (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), all as more particularly described in the Information Circular; and

2. to transact such other business as may properly come before the Emerge Meeting or any adjournment thereof.

Specific details of the matters to be put before the Emerge Meeting are set forth in the Information Circular.

The record date (the "**Record Date**") for the determination of Emerge Shareholders entitled to receive notice of, and to vote at, the Emerge Meeting is December 9, 2011. Only Emerge Shareholders whose names have been entered in the register of Emerge Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Emerge Meeting. **To the extent an Emerge Shareholder transfers the ownership of any of its Emerge Shares after the Record Date and the transferee of those Emerge Shares establishes that it owns such Emerge Shares and requests, at least ten (10) days before the Emerge Meeting, to be included in the list of Emerge Shareholders eligible to vote at the Emerge Meeting, such transferee will be entitled to vote those Emerge Shares at the Emerge Meeting.**

An Emerge Shareholder may attend the Emerge Meeting in person or may be represented by proxy. Emerge Shareholders who are unable to attend the Emerge Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Emerge Meeting or any adjournment thereof. To be effective, the proxy must be received by Olympia Trust Company, at 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G 0P6. In order to be valid and acted upon at the Emerge Meeting, forms of proxy must be received at the aforesaid address by 9:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Emerge Meeting or any adjournment of the Emerge Meeting. For information regarding voting or appointing a proxy by internet, see the form of proxy for Emerge Shareholders and/or the section entitled "*General Proxy Matters – Emerge – Voting by Internet*" in the Information Circular.

Pursuant to the Interim Order, registered Emerge Shareholders have a right to dissent in respect of the Emerge Resolution and to be paid an amount equal to the fair value of their Emerge Shares. This dissent right and the dissent procedures are described in the Information Circular. The dissent procedures require that a registered Emerge Shareholder who wishes to dissent send a written notice of objection to the Emerge Resolution to Emerge, c/o Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, Alberta, T2P 0R3, Attention: William Guinan, to be received by no later than 4:00 p.m. (Calgary time) on the second business day immediately preceding the date of the Emerge Meeting, and must otherwise strictly comply with the dissent procedures described in the Information Circular. Failure to strictly comply with the dissent procedures will result in loss of the right to dissent. See the section entitled "*The Arrangement – Dissent Rights*" in the Information Circular.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Emerge Meeting; and (ii) other matters that may properly come before the Emerge Meeting. As of the date hereof, management of Emerge knows of no amendments, variations or other matters to come before the Emerge Meeting other than the matters set forth in this Notice of Meeting. Emerge Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Dated at the City of Calgary, in the Province of Alberta, this 9th day of December, 2011.

BY ORDER OF THE BOARD OF DIRECTORS OF EMERGE OIL & GAS INC.

(signed) "*Thomas J. Greschner*"

Thomas J. Greschner
Chairman, President and Chief Executive Officer
Emerge Oil & Gas Inc.

NOTICE OF SPECIAL MEETING OF
TWIN BUTTE ENERGY LTD. SHAREHOLDERS

to be held on Monday, January 9, 2012

NOTICE IS HEREBY GIVEN that pursuant to the proposed acquisition by Twin Butte Energy Ltd. ("**Twin Butte**") of all of the common shares (the "**Emerge Shares**") of Emerge Oil & Gas Inc. ("**Emerge**") by way of a plan of arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") involving Twin Butte, Emerge and holders ("**Emerge Shareholders**") of Emerge Shares, a special meeting (the "**Twin Butte Meeting**") of the holders ("**Twin Butte Shareholders**") of common shares ("**Twin Butte Shares**") of Twin Butte will be held in the Plaza Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W., at 10:00 a.m. (Calgary time) on Monday, January 9, 2012, for the following purposes:

1. to consider and, if thought advisable, to approve, with or without amendment, an ordinary resolution (the "**Twin Butte Resolution**"), the full text of which is set forth in Appendix A-2 to the accompanying joint information circular of Twin Butte and Emerge dated December 9, 2011 (the "**Information Circular**") to approve the issuance of such number of Twin Butte Shares as are required to acquire all of the outstanding common shares of Emerge ("**Emerge Shares**") in accordance with the terms of a plan of arrangement (the "**Arrangement**") involving Twin Butte, Emerge and the shareholders of Emerge;

2. if the Twin Butte Resolution and the special resolution of the holders of Emerge Shares approving the Arrangement are passed, if thought advisable, to approve, with or without amendment, an ordinary resolution, the full text of which is set forth in the Information Circular, to approve a share award incentive plan for Twin Butte, all as more particularly described in the Information Circular and a copy of which is set forth in Appendix K to the Information Circular; and

3. to transact such other business as may properly come before the Twin Butte Meeting or any adjournment thereof.

Specific details of the matters to be put before the Twin Butte Meeting are set forth in the Information Circular.

The record date (the "**Record Date**") for the determination of Twin Butte Shareholders entitled to receive notice of, and to vote at, the Twin Butte Meeting is December 9, 2011. Only Twin Butte Shareholders whose names have been entered in the register of Twin Butte Shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Twin Butte Meeting. **To the extent a Twin Butte Shareholder transfers the ownership of any of its Twin Butte Shares after the Record Date and the transferee of those Twin Butte Shares establishes that it owns such Twin Butte Shares and requests, at least ten (10) days before the Twin Butte Meeting, to be included in the list of Twin Butte Shareholders eligible to vote at the Twin Butte Meeting, such transferee will be entitled to vote those Twin Butte Shares at the Twin Butte Meeting.**

A Twin Butte Shareholder may attend the Twin Butte Meeting in person or may be represented by proxy. Twin Butte Shareholders who are unable to attend the Twin Butte Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Twin Butte Meeting or any adjournment thereof. To be effective, the proxy must be received by Valiant Trust Company, Attn: Stock Transfer Department, 310, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1 or by facsimile at (403) 233-2857. In order to be valid and acted upon at the Twin Butte Meeting, forms of proxy must be received at the aforesaid address as soon as possible but not later than 10:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding of the Twin Butte Meeting or any adjournment thereof. For information regarding voting or appointing a proxy by internet or voting by telephone, see the form of proxy for Twin Butte Shareholders and/or the section entitled "*General Proxy Matters – Twin Butte – Voting by Internet and Telephone"* in the Information Circular.

The form of proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Twin Butte Meeting; and (ii) other matters that may properly come before the Twin Butte Meeting. As of the date hereof, management of Twin Butte knows of no amendments, variations or other

matters to come before the Twin Butte Meeting other than the matters set forth in this Notice of Meeting. Twin Butte Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Dated at the City of Calgary, in the Province of Alberta, this 9th day of December, 2011.

BY ORDER OF THE BOARD OF DIRECTORS OF TWIN BUTTE ENERGY LTD.

(signed) "*James Saunders*"

James Saunders
President and Chief Executive Officer
Twin Butte Energy Ltd.

EMERGE SHAREHOLDERS – QUESTIONS AND ANSWERS

See "*Glossary of Terms*" in the Information Circular for the meaning assigned to certain terms which are capitalized below and not otherwise defined.

The enclosed Information Circular is furnished in connection with the solicitation by or on behalf of management of Emerge of proxies to be used at the Emerge Meeting to be held in the Royal Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on Monday, January 9, 2012, for the purposes indicated in the Notice of Special Meeting of Emerge Oil & Gas Inc. Shareholders.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited by newspaper publication, personally, by telephone or facsimile or other similar means by Emerge employees or agents. Custodians and fiduciaries will be supplied with proxy materials to forward to beneficial owners of Emerge Shares and normal handling charges will be paid for such forwarding services. The Record Date to determine the Emerge Shareholders entitled to receive notice of, and vote at, the Emerge Meeting is December 9, 2011.

Your vote is very important. Emerge encourages you to exercise your vote by using any of the voting methods described below. Your completed form of proxy must be received by Olympia Trust Company, at 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2G OP6 by 9:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Emerge Meeting. Please read the following for commonly asked questions and answers regarding general guidance on voting and proxies and receiving shares of Twin Butte upon completion of the Arrangement. For information regarding the voting or appointing a proxy by internet, see the form of proxy for Emerge Shareholders and the Information Circular under the heading "*General Proxy Matters – Emerge – Voting by Internet*".

Q. What am I being asked to vote on?

A. Emerge Shareholders will be asked to vote on the Emerge Resolution, the full text of which is set forth in Appendix A-1 of the Information Circular, approving the proposed merger of Emerge and Twin Butte by way of a plan of arrangement under the ABCA.

Q. Why should I vote for the Emerge Resolution?

A. Emerge Shareholders should consider the following factors and potential benefits in making their decision to vote for or against the Emerge Resolution:

- the Emerge Board has determined that the Arrangement is in the best interests of Emerge and it unanimously recommends that Emerge Shareholders vote **FOR** the Emerge Resolution;
- the Emerge Board received a fairness opinion from Peters & Co. to the effect that, as of November 13, 2011, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Emerge Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Emerge Shareholders;
- all of the directors and officers of Emerge, representing approximately 11% of the outstanding Emerge Shares (on a non-diluted basis), have entered into the Emerge Support Agreements pursuant to which they have agreed, among other things, to vote their Emerge Shares in favour of the Emerge Resolution and to otherwise support the Arrangement;
- Emerge Shareholders have the ability to exercise Emerge Dissent Rights;
- the Arrangement requires approval by the Court;

- the Arrangement creates a well positioned intermediate sized oil and gas exploration and production company focusing on heavy oil opportunities in Alberta and Saskatchewan;

- Twin Butte and Emerge anticipate that the combination of the two companies will provide critical mass and sufficient cash flow to provide a sustainable monthly dividend to shareholders after completion of the Arrangement;

- The combined tax pools of Twin Butte and Emerge should permit the combined entity to pay monthly dividends without causing the entity to become cash taxable for several years;

- Twin Butte and Emerge have complementary assets and the consolidation of certain operating and administrative functions is anticipated to provide operating and cost efficiencies; and

- Twin Butte and Emerge shareholders will be able to continue to participate in the growth opportunities associated with the asset base of the combined company.

Q. Am I entitled to vote?

A. You are entitled to vote if you were a registered or non-registered Emerge Shareholder as of the close of business on December 9, 2011, the Record Date for the Emerge Meeting. Each Emerge Share is entitled to one vote. **To the extent an Emerge Shareholder transfers the ownership of any of its Emerge Shares after the Record Date and the transferee of those Emerge Shares establishes that it owns such Emerge Shares and requests, at least ten (10) days before the Emerge Meeting, to be included in the list of Emerge Shareholders eligible to vote at the Emerge Meeting, such transferee will be entitled to vote those Emerge Shares at the Emerge Meeting.**

Q. Am I a registered Emerge Shareholder?

A. You are a registered Emerge Shareholder if your Emerge Shares are represented by a share certificate registered in your own name.

Q. Am I a non-registered Emerge Shareholder?

A. You are a non-registered Emerge Shareholder if your Emerge Shares are held in an account in the name of a nominee (bank, trust company, securities broker or other nominee).

Q. Who is soliciting my proxy?

A. The management of Emerge is soliciting your proxy. Solicitation of proxies is being done primarily by mail and may be supplemented by telephone, internet, newspaper publication or other contact, and all of the costs associated with such solicitations will be paid by Emerge.

Q. How can I vote?

A. If you are eligible to vote and your Emerge Shares are registered in your name, you can vote your Emerge Shares in person at the Emerge Meeting or by signing and returning your proxy form in the prepaid envelope provided or by voting using the internet. See "*General Proxy Matters – Emerge – Voting by Internet*" in the Information Circular.

Q. How can a non-registered Emerge Shareholder vote?

A. If your Emerge Shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), your nominee is required to seek your instructions as to how to vote your Emerge Shares. Your nominee will have provided you with a package of information, including these meeting materials and either a proxy or a voting instruction form. Carefully follow the instructions accompanying the proxy or voting instruction form.

Q. How can a non-registered Emerge Shareholder vote in person at the Emerge Meeting?

A. Emerge does not have access to all the names of its non-registered Emerge Shareholders. Therefore, if you are a non-registered Emerge Shareholder and attend the Emerge Meeting, Emerge will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the Emerge Meeting, insert your name in the space provided on the proxy form or voting instruction form sent to you by your nominee. In doing so you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. You should report to a representative of Olympia Trust Company upon arrival at the Emerge Meeting.

Q. Who votes my Emerge Shares and how will they be voted if I return a proxy?

A. By properly completing and returning a proxy, you are authorizing the person named in the proxy to attend the Emerge Meeting and vote your Emerge Shares. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder.

The Emerge Shares represented by your proxy must be voted according to your instructions in the proxy. If you properly complete and return your proxy but do not specify how you wish the votes to be cast, your Emerge Shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, Emerge Shares represented by proxies received by management will be voted **FOR** the Emerge Resolution.

Q. Can I appoint someone other than the individuals named in the enclosed proxy form to vote my Emerge Shares?

A. Yes, you have the right to appoint the person of your choice, who does not need to be an Emerge Shareholder, to attend and act on your behalf at the Emerge Meeting. If you wish to appoint a person other than the names that appear, then insert the name of your chosen proxyholder in the space provided on the proxy form or voting instruction form sent to you by your nominee or Olympia Trust Company.

NOTE: It is important to ensure that any other person you appoint attends the Emerge Meeting and is aware that its appointment to vote your Emerge Shares has been made. Proxyholders should, on arrival at the Emerge Meeting, present themselves to a representative of Olympia Trust Company.

Q. What if my Emerge Shares are registered in more than one name or in the name of my company?

A. If the Emerge Shares are registered in more than one name, each registered Emerge Shareholder must sign and return a form of proxy. If the Emerge Shares are registered in the name of your company or any name other than yours, you may require documentation that proves you are authorized to sign the proxy form on behalf of the registered Emerge Shareholder.

Q. Can I revoke a proxy or voting instruction?

A. If you are a registered Emerge Shareholder and have returned a proxy, you may revoke it by:

- completing and signing a proxy bearing a later date, and delivering it to Olympia Trust Company;
- delivering a written statement, signed by you or your authorized attorney to:
  - the registered office of Emerge at any time up to and including the last Business Day preceding the day of the Emerge Meeting, or an adjournment of the Emerge Meeting, at which the proxy is to be used; or
  - the chair of the Emerge Meeting on the day of the Emerge Meeting or an adjournment of the Emerge Meeting; or
- any other manner permitted by law.

If you are a non-registered Emerge Shareholder, contact your nominee.

Q. Is my vote confidential?

A. Your proxy vote is confidential. Proxies are received, counted, and tabulated by our transfer agent, Olympia Trust Company. Olympia Trust Company does not disclose the results of individual shareholder votes unless they contain a written comment clearly intended for management, in the event of a proxy contest or proxy validation issue, or if necessary to meet legal requirements.

Q. What if an amendment is made to the Emerge Resolution or if other matters are brought before the Emerge Meeting?

A. If you attend the Emerge Meeting in person and are eligible to vote, you may vote on such matters as you choose. If you have completed and returned a proxy, the person named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Special Meeting and to other matters that may properly come before the Emerge Meeting. As of the date of the Information Circular that is enclosed herewith, Emerge's management knows of no such amendment, variation or other matter expected to come before the Emerge Meeting. If any other matters properly come before the Emerge Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

Q. How do I receive Twin Butte Shares in exchange for my Emerge Share certificates?

A. Registered Emerge Shareholders have been provided with a Letter of Transmittal along with the Information Circular. Registered Emerge Shareholders must carefully follow the instructions to complete the Letter of Transmittal and return it with the certificate(s) representing their Emerge Shares and any other required documents to Valiant Trust Company, the Depositary, at any of the offices set forth in such Letter of Transmittal. If your Emerge Shares are not registered in your name but are held by a nominee, please contact your nominee for instructions.

Q. What are the Canadian Tax Consequences of the Arrangement?

A. Emerge Shareholders will not realize any gain or loss on the disposition of their Emerge Shares unless they choose to do so.

Q. Will the Twin Butte Shares be listed on a stock exchange?

A. The Twin Butte Shares trade on the TSX under the symbol "TBE", and the Twin Butte Shares issuable in connection with the Arrangement have been conditionally approved for listing on the TSX as of December 6, 2011, subject to the satisfaction of the applicable listing requirements of the TSX.

Q. What if I have other questions?

A. If you have any questions regarding the Emerge Meeting, please contact Thomas J. Greschner, Chairman, President and Chief Executive Officer of Emerge at (403) 718-3852.

TWIN BUTTE SHAREHOLDERS – QUESTIONS AND ANSWERS

See "*Glossary of Terms*" in the Information Circular for the meaning assigned to certain terms which are capitalized below and not otherwise defined.

The enclosed Information Circular is furnished in connection with the solicitation by or on behalf of management of Twin Butte, of proxies to be used at the Twin Butte to be held in the Plaza Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W., at 10:00 a.m. (Calgary time) on Monday, January 9, 2012 for the purposes indicated in the Notice of Special Meeting of Twin Butte Energy Ltd. Shareholders.

It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited by newspaper publication, personally, by telephone or facsimile or other similar means by Twin Butte employees or agents. Custodians and fiduciaries will be supplied with proxy materials to forward to beneficial owners of Twin Butte Shares and normal handling charges will be paid for such forwarding services. The record date to determine the Twin Butte Shareholders entitled to receive notice of, and vote at, the Twin Butte Meeting is December 9, 2011.

Your vote is very important. Twin Butte encourages you to exercise your vote by using any of the voting methods described below. Your completed form of proxy must be received by Valiant Trust Company, Attn: Stock Transfer Department, 310, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1 or by facsimile at (403) 233-2857 by 10:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Twin Butte Meeting. Please read the following for commonly asked questions and answers regarding general guidance on voting and proxies. For information regarding the voting or appointing a proxy by internet or telephone, see the form of proxy for Twin Butte Shareholders and the Information Circular under the heading "*General Proxy Matters – Twin Butte – Voting by Internet*".

Q. What am I being asked to vote on?

A. Twin Butte Shareholders will be asked to vote on the Twin Butte Resolution, the full text of which is set forth in Appendix A-2 of the Information Circular. Twin Butte Shareholders will also be asked to vote on the Twin Butte Share Award Incentive Plan Resolution, the full text of which is set forth in the Information Circular.

Approval of the Twin Butte Resolution at the Twin Butte Meeting is a condition to the completion of the Arrangement.

Q. Why should I vote for the Twin Butte Resolution?

A. Twin Butte Shareholders should consider the following factors and potential benefits in making their decision to vote for or against the Twin Butte Resolution:

- the Twin Butte Board has unanimously determined that the Arrangement is in the best interests of Twin Butte and it unanimously recommends that Twin Butte Shareholders vote **FOR** the Twin Butte Resolution;
- the Twin Butte Board received a fairness opinion from GMP that, as of November 13, 2011, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders;
- all of the directors and officers of Twin Butte, representing approximately 4% of the outstanding Twin Butte Shares (on a non-diluted basis), have entered into the Twin Butte Support Agreements pursuant to which they have agreed, among other things, to vote their Twin Butte Shares in favour of the Twin Butte Resolution and to otherwise support the Arrangement;

- the Arrangement creates a well positioned intermediate sized oil and gas exploration and production company focusing on heavy oil opportunities in Alberta and Saskatchewan;

- Twin Butte and Emerge anticipate that the combination of the two companies will provide critical mass and sufficient cash flow to provide a monthly dividend to shareholders after completion of the Arrangement; and

- Twin Butte and Emerge have complementary assets and the consolidation of certain operating and administrative functions is anticipated to provide operating and cost efficiencies.

Q. Am I entitled to vote?

A. You are entitled to vote if you were a registered or non-registered holder of Twin Butte Shares as of the close of business on December 9, 2011, the Record Date for the Twin Butte Meeting. Each Twin Butte Share is entitled to one vote. **To the extent a Twin Butte Shareholder transfers the ownership of any of its Twin Butte Shares after the Record Date and the transferee of those Twin Butte Shares establishes that it owns such Twin Butte Shares and requests, at least ten (10) days before the Twin Butte Meeting, to be included in the list of Twin Butte Shareholders eligible to vote at the Twin Butte Meeting, such transferee will be entitled to vote those Twin Butte Shares at the Twin Butte Meeting.**

Q. Am I a registered Twin Butte Shareholder?

A. You are a registered Twin Butte Shareholder if your Twin Butte Shares are represented by a share certificate registered in your own name.

Q. Am I a non-registered Twin Butte Shareholder?

A. You are a non-registered Twin Butte Shareholder if your Twin Butte Shares are held in an account in the name of a nominee (bank, trust company, securities broker or other nominee).

Q. Who is soliciting my proxy?

A. The management of Twin Butte is soliciting your proxy. Solicitation of proxies is being done primarily by mail and may be supplemented by telephone, internet, newspaper publication or other contact, and all of the costs associated with such solicitations will be paid by Twin Butte.

Q. How can I vote?

A. If you are eligible to vote and your Twin Butte Shares are registered in your name, you can vote your Twin Butte Shares in person at the Twin Butte Meeting or by signing and returning your proxy form in the prepaid envelope provided or by voting using the internet. See "*General Proxy Matters – Twin Butte – Voting by Internet and Telephone*" in the Information Circular.

Q. How can a non-registered Twin Butte Shareholder vote?

A. If your Twin Butte Shares are not registered in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution), your nominee is required to seek your instructions as to how to vote your Twin Butte Shares. Your nominee will have provided you with a package of information, including these meeting materials and either a proxy or a voting instruction form. Carefully follow the instructions accompanying the proxy or voting instruction form.

Q. How can a non-registered Twin Butte Shareholder vote in person at the Twin Butte Meeting?

A. Twin Butte does not have access to all the names of its non-registered Twin Butte Shareholders. Therefore, if you are a non-registered Twin Butte Shareholder and attend the Twin Butte Meeting, Twin Butte will have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as a proxyholder. If you wish to vote in person at the Twin Butte Meeting, strike out the names that appear on the proxy form and insert your name in the space provided on the proxy form or voting instruction form sent to you by your nominee. In doing so you are instructing your nominee to appoint you as a proxyholder. Complete the form by following the return instructions provided by your nominee. You should report to a representative of Valiant Trust Company upon arrival at the Twin Butte Meeting.

Q. Who votes my Twin Butte Shares and how will they be voted if I return a proxy?

A. By properly completing and returning a proxy, you are authorizing the person named in the proxy to attend the Twin Butte Meeting and vote your Twin Butte Shares. You can use the enclosed proxy form, or any other proper form of proxy, to appoint your proxyholder.

The Twin Butte Shares represented by your proxy must be voted according to your instructions in the proxy. If you properly complete and return your proxy but do not specify how you wish the votes to be cast, your Twin Butte Shares will be voted as your proxyholder sees fit. Unless contrary instructions are provided, Twin Butte Shares represented by proxies received by management will be voted **FOR** the Twin Butte Resolution.

Q. Can I appoint someone other than the individuals named in the enclosed proxy form to vote my Twin Butte Shares?

A. Yes, you have the right to appoint the person of your choice, who does not need to be a Twin Butte Shareholder, to attend and act on your behalf at the Twin Butte Meeting. If you wish to appoint a person other than the names that appear, then strike out the names that appear on the proxy form and insert the name of your chosen proxyholder in the space provided on the proxy form or voting instruction form sent to you by your nominee or Valiant Trust Company.

NOTE: It is important to ensure that any other person you appoint attends the Twin Butte Meeting and is aware that its appointment to vote your Twin Butte Shares has been made. Proxyholders should, on arrival at the Twin Butte Meeting, present themselves to a representative of Valiant Trust Company.

Q. What if my Twin Butte Shares are registered in more than one name or in the name of my company?

A. If the Twin Butte Shares are registered in more than one name, each registered Twin Butte Shareholder must sign and return a form of proxy. If the Twin Butte Shares are registered in the name of your company or any name other than yours, you may require documentation that proves you are authorized to sign the proxy form on behalf of the registered Twin Butte Shareholder.

Q. Can I revoke a proxy or voting instruction?

A. If you are a registered Twin Butte Shareholder and have returned a proxy, you may revoke it by:

- completing and signing a proxy bearing a later date, and delivering it to Valiant Trust Company;

- delivering a written statement, signed by you or your authorized attorney to:

- the registered office of Twin Butte at any time up to and including the last Business Day preceding the day of the Twin Butte Meeting, or an adjournment of the Twin Butte Meeting, at which the proxy is to be used; or
- the chair of the Twin Butte Meeting on the day of the Twin Butte Meeting or an adjournment of the Twin Butte Meeting; or

- any other manner permitted by law.

If you are a non-registered Twin Butte Shareholder, contact your nominee.

Q. Is my vote confidential?

A. Your proxy vote is confidential. Proxies are received, counted, and tabulated by our transfer agent, Valiant Trust Company. Valiant Trust Company does not disclose the results of individual shareholder votes unless they contain a written comment clearly intended for management, in the event of a proxy contest or proxy validation issue, or if necessary to meet legal requirements.

Q. What if an amendment is made to the Twin Butte Resolution or if other matters are brought before the Twin Butte Meeting?

A. If you attend the Twin Butte Meeting in person and are eligible to vote, you may vote on such matters as you choose. If you have completed and returned a proxy, the person named in the proxy form will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Special Meeting and to other matters that may properly come before the meeting. As of the date of the Information Circular that is enclosed herewith, Twin Butte's management knows of no such amendment, variation or other matter expected to come before the Twin Butte Meeting. If any other matters properly come before the Twin Butte Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

Q. What if I have other questions?

A. If you have any questions regarding the Twin Butte Meeting, please contact Alan Steele, Vice-President, Finance, Chief Financial Officer and Corporate Secretary of Twin Butte at (403) 215-2692.

JOINT INFORMATION CIRCULAR

GENERAL INFORMATION

Introduction

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Emerge and Twin Butte for use at the Emerge Meeting and the Twin Butte Meeting, respectively, and any adjournment(s) thereof. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Emerge Meeting or the Twin Butte Meeting other than those contained in this Information Circular (or incorporated by reference herein) and, if given or made, any such information or representation must not be relied upon as having been authorized.

All summaries of, and references to, the Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement which are attached as Appendix D and Schedule "A" to Appendix D, respectively, to this Information Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

Information Contained in this Information Circular

The information contained in this Information Circular is given as at December 9, 2011, except where otherwise noted, and information contained in documents incorporated by reference herein is given as of the dates noted in those documents.

This Information Circular does not constitute an offer to buy, or a solicitation of an offer to sell, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Emerge Shareholders and Twin Butte Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

If you hold Emerge Shares and/or Twin Butte Shares through a broker, investment dealer, bank, trust company, nominee or other intermediary (collectively, an "**Intermediary**"), you should contact your Intermediary for instructions and assistance in voting and surrendering the Emerge Shares and in voting the Twin Butte Shares, as applicable, that you beneficially own.

Cautionary Notice Regarding Forward-Looking Statements and Information

This Information Circular, including documents incorporated by reference herein, contains forward-looking statements and information. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends", "potential", "pro forma" and similar expressions are intended to identify forward-looking statements or information. Forward-looking information presented in such statements or disclosures may, among other things, relate to: (i) the anticipated benefits from the Arrangement; (ii) the expected completion and implementation date of the Arrangement; (iii) certain combined operational, financial, production and reserve information; (iv) the nature of Twin Butte's operations following the Arrangement; (v) sources of income; (vi) forecasts of capital expenditures, including general and administrative expenses and savings; (vii) expectations regarding the ability to raise capital; (viii) fluctuations in currency exchange rates; (ix) anticipated income taxes; (x) Twin Butte's business outlook following the Arrangement; (xi) plans and objectives of management for future operations; (xii) Twin Butte's revised business focus and its intention to become a dividend paying corporation subsequent to the Arrangement and the sustainability of such dividend; (xiii) forecast production rates and reserve estimates; (xiv) anticipated operational and financial performance; (xv) the composition of the Twin Butte Board subsequent to the Arrangement; (xvi) the effect of the Arrangement of Twin Butte's share capital; (xvii) the availability and effect of tax pools for Twin Butte subsequent to the Arrangement;

(xviii) the entering into of agreements with Emerge Optionholders regarding the treatment of their Emerge Options; and (xviv) the effect of the Twin Butte Share Award Incentive Plan and the implementation thereof, including revoking the Twin Butte Option Plan and the exchange of Twin Butte Options for the grant of awards under the Twin Butte Share Award Incentive Plan.

Various assumptions or factors are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to Emerge and Twin Butte, as applicable, including information obtained from third-party industry analysts and other third party sources. In some instances, material assumptions and factors are presented or discussed elsewhere in this Information Circular in connection with the statements or disclosure containing the forward-looking information. You are cautioned that the following list of material factors and assumptions is not exhaustive. The factors and assumptions include, but are not limited to:

- the approval of the Arrangement by the Court;
- the approval of the Emerge Resolution by the Emerge Shareholders;
- the approval of the Twin Butte Resolution by the Twin Butte Shareholders;
- the approval of the Twin Butte Share Award Incentive Plan Resolution by the Twin Butte Shareholders;
- the receipt of all required regulatory and third party approvals to complete the Arrangement, including the TSX;
- the receipt of all required regulatory and third party approvals to implement the Twin Butte Share Award Incentive Plan, including the TSX;
- the completion of the Arrangement;
- no material changes in the legislative and operating framework for the business of Emerge and Twin Butte, as applicable;
- the method of exercise or surrender of Emerge Options;
- no material adverse changes in the business of either or both of Emerge and Twin Butte;
- the ability of Twin Butte to access credit lines subsequent to the Arrangement; and
- no significant event occurring outside the ordinary course of business of Emerge or Twin Butte, as applicable, such as a natural disaster or other calamity.

The forward-looking information in statements or disclosures in this Information Circular (including the documents incorporated by reference herein) is based (in whole or in part) upon factors which may cause actual results, performance or achievements of Emerge or Twin Butte, as applicable, to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Those factors are based on information currently available to Emerge and Twin Butte, as applicable, including information obtained from third-party industry analysts and other third party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While Emerge and Twin Butte do not know what impact any of those differences may have, their business, results of operations, financial condition and credit stability may be materially adversely affected.

The reader is further cautioned that the preparation of financial statements in accordance with GAAP requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues

and expenses. These estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. As at January 1, 2011 GAAP incorporates IFRS and each of Emerge and Twin Butte has fully adopted all required changes in their respective 2011 interim financial statements.

Readers are cautioned that the foregoing lists are not exhaustive. Readers should carefully review and consider the risk factors described under "*The Arrangement – Risk Factors Related to the Arrangement", "The Arrangement – Certain Canadian Federal Income Tax Considerations"* and other risks described elsewhere in this Information Circular and in the documents incorporated by reference herein. Additional information on these and other factors that could affect the operations or financial results of Emerge or Twin Butte are included in documents on file with applicable Canadian Securities Administrators and may be accessed on Emerge's and Twin Butte's respective issuer profiles through the System for Electronic Document Analysis and Retrieval (SEDAR) website (www.sedar.com) and, in the case of Emerge, at Emerge's website (www.emergeoilandgas.com), and in the case of Twin Butte, at Twin Butte's website (www.twinbutteenergy.com). Such documents unless expressly incorporated by reference herein and websites, although referenced, do not form part of this Information Circular.

The forward-looking statements and information contained in this Information Circular (including the documents incorporated by reference herein) are made as of the date hereof and thereof and Emerge and Twin Butte undertake no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable Canadian securities laws. Because of the risks, uncertainties and assumptions contained herein and in the documents incorporated by reference herein, shareholders should not place undue reliance on forward-looking statements or disclosures. The forward-looking information and statements contained herein are expressly qualified in their entirety by this cautionary statement.

Information for Beneficial Shareholders

Only those persons whose name appears on the register of Emerge as the owner of Emerge Shares or whose name appears on the register of Twin Butte as the owner of Twin Butte Shares (collectively, "Registered Holders") or duly appointed proxyholders are permitted to vote at the Meetings. Many shareholders are "non-registered" shareholders because the Emerge Shares and Twin Butte Shares (together, the "Shares") they own are not registered in their names but are instead registered in the name of an Intermediary through which they hold the Shares. More particularly, a person is not a Registered Holder in respect of Shares which are held on behalf of that person (the "**Beneficial Shareholder**") but which are registered either: (a) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of the Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered registered retirement savings plans, registered retirement income funds, registered education savings plans or tax free savings accounts and similar plans); or (b) in the name of a clearing agency (such as CDS or Cede & Co.) of which the Intermediary is a participant. In Canada, the vast majority of such shares are registered under the name of CDS, which company acts as nominee for many Canadian brokerage firms. Shares so held by Intermediaries can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Shares held for Beneficial Shareholders. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Shares are communicated to the appropriate person or that the Shares are duly registered in their name.**

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meetings. Often, the voting instruction form supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided to Registered Holders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails its voting instruction form (a "**Voting Instruction Form**"), which may be scanned, in lieu of the form of proxy. The Beneficial Shareholders will be requested to complete and return the Voting Instruction Form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number or access the internet to vote the Shares held by the Beneficial Shareholder. The toll-free number and website will be provided by Broadridge in its Voting Information Form. Broadridge then tabulates the

results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meetings. A Beneficial Shareholder receiving a Voting Instruction Form from Broadridge cannot use that Voting Instruction Form to vote Shares directly at the Emerge Meeting or the Twin Butte Meeting, as the case may be, as the Voting Instruction Form must be returned as directed by Broadridge in advance of the Emerge Meeting or the Twin Butte Meeting, as the case may be, in order to have the Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Emerge Meeting or the Twin Butte Meeting, as the case may be, for the purposes of voting Shares registered in the name of its Intermediary, it may attend at the Emerge Meeting or the Twin Butte Meeting, as the case may be, as a proxyholder for the Registered Holder and vote its Shares in that capacity. Should a Beneficial Shareholder wish to vote at the Emerge Meeting or the Twin Butte Meeting, as the case may be, in person, it should enter its own name in the blank space on the form of proxy provided to the Beneficial Shareholder and return the document to its Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the applicable Meeting.

Beneficial Shareholders of Emerge Shares should also instruct their Intermediary to complete the Letter of Transmittal regarding the Arrangement in order to receive the Twin Butte Shares issuable pursuant to the Arrangement in exchange for such holder's Emerge Shares.

See "*Emerge Shareholders – Questions and Answers*" accompanying this Information Circular and "*General Proxy Matters – Emerge*".

See "*Twin Butte Shareholders – Questions and Answers*" accompanying this Information Circular and "*General Proxy Matters – Twin Butte*".

Information for United States Shareholders

The Twin Butte Shares issuable to Emerge Shareholders in exchange for their Emerge Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act.

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

In particular, and without limiting the foregoing, information included in or incorporated by reference into this Information Circular regarding oil and gas operations and properties and estimates of oil and gas reserves has been prepared in accordance with Canadian disclosure standards, which differ in certain respects from the disclosure standards applicable to information included in reports and other materials filed with the United States Securities and Exchange Commission (the "**SEC**") by issuers subject to SEC reporting and disclosure requirements. The SEC generally permits U.S. reporting oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves and production, net of royalties and interest of others. The SEC generally does not permit reporting companies to disclose net present value of future net revenue from reserves based on forecast prices and costs. Canadian securities laws permit, among other things, the presentation of certain categories of resources and the disclosure of production on a gross basis before deducting royalties. Unless noted otherwise, all disclosures of reserves in this Information Circular and the documents incorporated herein by reference are made on a gross basis using forecast price and cost assumptions.

The financial statements of Twin Butte and Emerge and other financial information included or incorporated by reference in this Information Circular have been prepared in Canadian dollars. The financial statements of Twin Butte and Emerge and other financial information included or incorporated by reference in this Information Circular have been prepared in accordance with either GAAP or IFRS, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles and United States auditing and auditor independence standards in certain material respects, and thus are not directly comparable to financial statements of companies prepared in accordance with United States generally accepted accounting principles and that are subject to United States auditing and auditor independence standards.

The Twin Butte Shares to be received by Emerge Shareholders upon completion of the Arrangement may be resold without restrictions under the U.S. Securities Act, except by persons who are "affiliates" of Twin Butte after the completion of the Arrangement or who have been affiliates of Twin Butte within 90 days before the Effective Date. See "*The Arrangement – Securities Law Matters – United States*".

The enforcement by investors of civil liabilities under United States federal and state securities laws may be affected adversely by the fact that Emerge and Twin Butte are incorporated under the laws of the Province of Alberta, Canada, that all of the officers and all of the directors of Emerge and Twin Butte are residents of countries other than the United States, that most or all of the experts named in this Information Circular are residents of countries other than the United States, and that all of the assets of Emerge and Twin Butte are located outside the United States. You may not be able to sue a corporation organized under the ABCA in a Canadian court for violations of United States securities laws and it may be difficult to compel the forgoing persons to subject themselves to a judgment by a United States court.

Emerge Shareholders should be aware that the exchange of their securities for Twin Butte Shares as described herein, and the holding and disposition of such Twin Butte Shares may have tax consequences in both the United States and Canada. The United States tax consequences for Emerge Shareholders who are resident in, or citizens of, the United States are not described herein. All Emerge Shareholders should seek their own tax advice with respect to the tax consequences to them under the laws of any relevant domestic or foreign, state, local or other taxing jurisdiction of the transactions contemplated by the Arrangement in light of their particular situation.

THE TWIN BUTTE SHARES ISSUABLE PURSUANT TO THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR ANY SUCH STATE SECURITIES REGULATORY AUTHORITY PASSED ON THE ADEQUACY OR ACCURACY OF THIS INFORMATION CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Presentation of Oil and Gas Reserves and Production Information

All oil and natural gas reserve information contained or incorporated by reference in this Information Circular has been prepared and presented in accordance with NI 51-101. The actual oil and natural gas reserves and future production will be greater than or less than the estimates provided in this Information Circular. The estimated future net revenue from the production of the disclosed oil and natural gas reserves does not represent the fair market value of these reserves.

Abbreviations

Oil and Natural Gas Liquids		**Natural Gas**	
Bbl	barrel	Mcf	thousand cubic feet
Bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	Mcf/d	thousand cubic feet per day
MMbbls	million barrels	MMcf/d	million cubic feet per day

Mstb	thousand stock tank barrels	Mmbtu	million British Thermal Units
Bbls/d	barrels per day	Bcf	billion cubic feet
BOPD	barrels of oil per day	GJ	gigajoule
NGLs	natural gas liquids		
STB	stock tank barrels		

Other

AECO	The natural gas storage facility located at Suffield, Alberta.
API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API is generally referred to as light crude oil.
BOE	barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas (this conversion factor is an industry accepted norm and is not based on either energy content or current prices). **Disclosure provided herein in respect of 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.**
BOE/d	barrel of oil equivalent per day
m^3	cubic metres
MBOE	thousand barrels of oil equivalent
$M or $000s	thousands of dollars
MM	Million
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

Where any disclosure of reserves data is made in this Information Circular or the documents incorporated by reference herein that does not reflect all reserves of Twin Butte or Emerge, as applicable, the reader should note that the estimates of reserves and future net revenue for individual properties or groups of properties may not reflect the same confidence level as estimates of the reserves and future net revenue for all properties, due to the effects of aggregation.

Conversions

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres	0.159
Cubic metres	Bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

Conventions

Words importing the singular include the plural and vice versa.

In this Information Circular, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars and references to "**dollars**" or "**$**" are to Canadian dollars and references to "**US$**" are to United States dollars.

Currency Exchange Rates

The following table sets forth: (i) the rate of exchange to Canadian dollars, expressed in United States dollars, in effect at the end of each of the periods indicated; (ii) the average exchange rates in effect on the first day of each month during such periods; and (iii) the high and low exchange rates during such periods, in each case based on the noon rates of exchange as quoted by the Bank of Canada (the "**Bank of Canada Noon Rate**"). On December 8, 2011, based on the Bank of Canada Noon Rate, the exchange rate for one Canadian dollar expressed in U.S. dollars was $1.00 equals U.S.$0.9811.

	Year ended December 31,	
	2010	**2009**
Rate at end of Period	U.S.$1.0054	U.S.$0.9555
Average rate during Period[(1)]	U.S.$0.9709	U.S.$0.8757
High	U.S.$1.0054	U.S.$0.9716
Low	U.S.$0.9278	U.S.$0.7692

Note:

(1) Based on an average of the daily Bank of Canada Noon Rates for each day during the respective period.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular, including in the section entitled "*Summary Information*" and in Appendix I and J attached hereto.

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended.

"**Acquisition Proposal**" means any inquiry or the making of any proposal or offer to Emerge or its shareholders from any person, whether or not subject to due diligence or other conditions and whether oral or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions): (i) an acquisition from Emerge or its shareholders of securities of Emerge (other than on exercise of currently outstanding Emerge Options) that, when taken together with the securities of Emerge held by the proposed acquirer, would constitute more than 20% of the voting equity securities of Emerge; (ii) any acquisition of all or a portion of the assets of Emerge representing more than 20% of the value ascribed to Emerge pursuant to the terms of the Arrangement Agreement; (iii) an amalgamation, arrangement, merger, or consolidation involving Emerge; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, share exchange or similar transaction involving Emerge or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Arrangement Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to Twin Butte under the Arrangement Agreement or the Arrangement.

"**Applicable Laws**" means all applicable corporate laws, rules of applicable stock exchanges including the TSX and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada.

"**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement.

"**Arrangement Agreement**" means the arrangement agreement dated as of November 13, 2011, between Twin Butte and Emerge, as amended or supplemented and/or restated from time to time.

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

"**Beneficial Shareholder**" has the meaning set forth under the heading "*General Information – Information for Beneficial Shareholders*".

"**Business Day**" means with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday in the Province of Alberta.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Commissioner**" means the Commissioner of Competition under the Competition Act.

"**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended.

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

"**Depositary**" means Valiant Trust Company or such other trust company that may be appointed by Twin Butte and Emerge for the purpose of receiving deposits of certificates formerly representing Emerge Shares in connection with the Arrangement at its offices referred to in the Letter of Transmittal.

"Deposited Securities" has the meaning set forth under the heading "*The Arrangement - Procedure for Exchange of Securities - Letters of Transmittal – Emerge Shareholders*".

"**Depositing Shareholders**" has the meaning set forth under the heading "*The Arrangement - Procedure for Exchange of Securities - Letters of Transmittal – Emerge Shareholders*".

"**Dissenting Emerge Shareholders**" means the registered Emerge Shareholders that validly exercise the Emerge Dissent Rights and "**Dissenting Emerge Shareholder**" means any one of them.

"**Effective Date**" means the effective date of the Arrangement, being the date on which the Articles of Arrangement are filed with the Registrar giving effect to the Arrangement.

"**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar of the Effective Date and the arrangement becomes effective.

"**Emerge**" means Emerge Oil & Gas Inc., a body corporate amalgamated under the ABCA.

"**Emerge AIF**" means the annual information form of Emerge for the year ended December 31, 2010 dated March 23, 2011.

"**Emerge Annual Information Circular**" means the information circular – proxy statement of Emerge dated April 11, 2011 in connection with the annual meeting of Emerge Shareholders held on May 11, 2011.

"**Emerge Board**" or "**Board of Directors of Emerge"** means the board of directors of Emerge as it may be constituted from time to time.

"**Emerge Damages Event**" has the meaning set forth under the heading "*The Arrangement – The Arrangement Agreement –Termination Fees – Emerge Damages*".

"**Emerge Dissent Rights**" means the right of a registered Emerge Shareholder to dissent to the Emerge Resolution and to be paid the fair value of the Emerge Shares, in respect of which the holder dissents, all in accordance with Section 191 of the ABCA, the Interim Order and the Plan of Arrangement.

"**Emerge Meeting**" means the special meeting of Emerge Shareholders to consider the Emerge Resolution and related matters, and any adjournment(s) thereof.

"**Emerge Options**" means the outstanding stock options of Emerge, whether or not vested, entitling the holders thereof to acquire Emerge Shares.

"**Emerge Optionholders**" means the holders of Emerge Options.

"**Emerge Resolution**" means the special resolution of the Emerge Shareholders to consider and, if thought advisable, to approve, with or without amendment, the Arrangement to be considered by the Emerge Shareholders.

"**Emerge Reserves Report**" means the independent engineering evaluations of Emerge's oil, natural gas liquids and natural gas interests prepared by McDaniel effective December 31, 2010 and dated February 24, 2011.

"**Emerge Shareholders**" means the registered holders of Emerge Shares.

"**Emerge Shares**" means common shares in the share capital of Emerge.

"**Emerge Support Agreements**" means agreements between Twin Butte and the Emerge Support Shareholders, pursuant to which the Emerge Support Shareholders have agreed to vote the Emerge Shares beneficially owned or controlled or subsequently acquired by the Emerge Support Shareholders in favour of the Arrangement Resolution and to otherwise support the Arrangement more particularly described under the heading "*The Arrangement — Support Agreements*".

"**Emerge Support Shareholders**" means those Emerge Shareholders that have entered into Emerge Support Agreements with Twin Butte.

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

"**GAAP**" means generally accepted accounting principles consistently applied in Canada.

"**GMP**" means GMP Securities L.P.

"**GMP Fairness Opinion**" means the opinion of GMP provided to the Twin Butte Board dated November 13, 2011, a copy of which is attached as Appendix F to this Information Circular.

"**Governmental Authority**" means any Canadian federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality.

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

"**ITA**" means means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder.

"**Information Circular**" means this joint management proxy circular sent by Emerge to the Emerge Shareholders in connection with the Emerge Meeting and sent by Twin Butte to the Twin Butte Shareholders in connection with the Twin Butte Meeting.

"**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in respect of Emerge, containing declarations and directions with respect to the Arrangement and the holding of the Emerge Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction.

"**Intermediary**" has the meaning set forth under the heading "*General Information - Information Contained in this Information Circular*".

"**Letter of Transmittal**" means the letter of transmittal provided to registered Emerge Shareholders pursuant to which the Emerge Shareholders are required to deliver certificates representing Emerge Shares in order to obtain certificates representing Twin Butte Shares.

"**Material Adverse Change**" means, with respect to a Party, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), cash flows, or prospects of the Party and its subsidiaries, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere, (ii) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole, and not specifically relating to the Party and/or its subsidiaries, including changes in laws (including tax laws) and royalties, (iii) any decline in crude oil or natural gas prices on a current or forward basis, (iv) any matter which has been communicated in writing to the other Party or publicly disclosed as of the date hereof, or (v) any changes or effects arising from matters permitted or contemplated by the Arrangement Agreement or consented to or approved in writing by the other Party.

"**McDaniel**" means McDaniel & Associates Consultants Ltd.

"**Meetings**" means, together, the Twin Butte Meeting and the Emerge Meeting.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

"**Notice of Originating Application**" means the Notice of Originating Application to the Court for the Final Order, which is attached as Appendix C to this Information Circular.

"**other Party**" means: (i) with respect to Twin Butte, Emerge; and (ii) with respect to Emerge, Twin Butte.

"**Parties**" means, collectively, Twin Butte and Emerge, and "**Party**" means either one of them.

"**Peters & Co.**" means Peters & Co. Limited.

"**Peters & Co. Fairness Opinion**" means the opinion of Peters & Co. provided to the Emerge Board dated November 13, 2011, a copy of which is attached as Appendix E to this Information Circular.

"**Plan of Arrangement**" means the plan of arrangement substantially in the form set out in Schedule "A" to the Arrangement Agreement as amended or supplemented from time to time in accordance with the terms hereof.

"**Registered Holder**" has the meaning set forth under the heading "*General Information – Information for Beneficial Shareholders*".

"**Registrar**" means the Registrar of Corporations appointed pursuant to Section 263 of the ABCA.

"**Superior Proposal**" means a bona fide Acquisition Proposal and the Emerge Board determines in good faith: (1) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available; (2) after consultation with its financial advisor, the Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction financially superior for Emerge Shareholders than the transaction contemplated by the Arrangement Agreement in its current form; and (3) after receiving the advice of outside counsel as reflected in minutes of the Emerge Board, that the taking of such action is necessary for the Emerge Board in discharge of its fiduciary duties under Applicable Laws.

"**TSX**" means the Toronto Stock Exchange.

"**Twin Butte**" means Twin Butte Energy Ltd., a body corporate amalgamated under the ABCA.

"**Twin Butte AIF**" means the annual information form of Twin Butte for the year ended December 31, 2010 dated March 25, 2011.

"**Twin Butte Annual Information Circular**" means the information circular – proxy statement of Twin Butte dated April 8, 2011 in connection with the annual meeting of Twin Butte Shareholders held on May 26, 2011.

"**Twin Butte Board**" or "**Board of Directors of Twin Butte"** means the board of directors of Twin Butte as it may be constituted from time to time.

"**Twin Butte Damages Event**" has the meaning set forth under the heading "*The Arrangement – The Arrangement Agreement – Termination Fees - Twin Butte Damages*".

"**Twin Butte Meeting**" means the special meeting of Twin Butte Shareholders to be held to consider the Twin Butte Resolution and the Twin Butte Share Award Incentive Plan Resolution, including any adjournment(s) thereof.

"**Twin Butte Option Plan**" means the stock option plan of Twin Butte providing for the grant of Twin Butte Options.

"**Twin Butte Options**" means the outstanding stock options of Twin Butte, whether or not vested, entitling the holders thereof to acquire Twin Butte Shares.

"**Twin Butte Performance Awards**" means a performance award granted pursuant to the Twin Butte Share Award Incentive Plan.

"**Twin Butte Restricted Awards**" means a restricted award granted pursuant to the Twin Butte Share Award Incentive Plan.

"**Twin Butte Share Award**" means a Twin Butte Restricted Award or a Twin Butte Performance Award issued pursuant to the terms of the Twin Butte Share Award Incentive Plan.

"**Twin Butte Share Award Incentive Plan**" means the Share Award Incentive Plan of Twin Butte to be considered for approval at the Twin Butte Meeting, substantially in the form attached as Appendix K to this Information Circular.

"**Twin Butte Share Award Incentive Plan Resolution**" means the ordinary resolution to approve the Twin Butte Share Award Incentive Plan set forth under the heading "*Other Matters to be considered at the Twin Butte Meeting – Approval of the Twin Butte Share Award Incentive Plan*".

"**Twin Butte Reserves Report**" means the independent engineering evaluation of Twin Butte's oil, natural gas liquids and natural gas interests prepared by McDaniel effective December 31, 2010 and dated March 7, 2011.

"**Twin Butte Resolution**" means the ordinary resolution of the Twin Butte Shareholders to consider and, if thought advisable, to approve, with or without variation, the issuance of Twin Butte Shares pursuant to the Arrangement to be considered by the Twin Butte Shareholders at the Twin Butte Meeting.

"**Twin Butte Shareholders**" means the holders from time to time of Twin Butte Shares.

"**Twin Butte Shares**" means common shares in the share capital of Twin Butte.

"**Twin Butte Support Agreements**" means agreements between Emerge and the Twin Butte Support Shareholders, pursuant to which the Twin Butte Support Shareholders have agreed to vote the Twin Butte Shares beneficially owned or controlled or subsequently acquired by the Twin Butte Support Shareholders in favour of the Twin Butte Resolution and to otherwise support the Arrangement more particularly described under the heading "*The Arrangement —Support Agreements*".

"**Twin Butte Support Shareholders**" means those Twin Butte Shareholders that have entered into Twin Butte Support Agreements with Emerge.

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*, as amended.

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Capitalized terms not otherwise defined herein are defined in the "*Glossary of Terms*".

The Corporations

Emerge

Emerge is engaged in the business of oil and natural gas exploration, development, acquisition and production in Western Canada. Emerge is a reporting issuer in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario and the Emerge Shares are listed for trading on the TSX under the symbol "EME".

For a more complete description of Emerge's business see "*Appendix I — Information Concerning Emerge*".

Twin Butte

Twin Butte is a Calgary, Alberta based oil and gas company engaged in the exploration, development and production of oil and natural gas in the Western Canadian Sedimentary Basin. The Corporation's focus is to increase its underlying value through a combination of a focused development and exploitation program, strategic acquisitions and some exploration. Over the next few years it is Twin Butte's intent to establish a portfolio of assets of varying maturity to maintain the overall predictability of the Twin Butte's cash flow stream. When possible, Twin Butte will operate its assets working in areas with year round access, thereby minimizing time delays between prospect generation and first production and maintaining more efficient cost controls.

For a more complete description of Twin Butte's business see "*Appendix J — Information Concerning Twin Butte*".

The Emerge Meeting

The Emerge Meeting will be held in the Royal Room at the Metropolitan Conference Centre, 333- 4th Avenue S.W., Calgary, Alberta at 9:00 a.m. (Calgary time) on Monday, January 9, 2012, for the purposes set forth in the accompanying Notice of Meeting of Emerge Shareholders.

The Twin Butte Meeting

The Twin Butte Meeting will be held in the Plaza Room at the Metropolitan Conference Centre, 333 - 4th Avenue S.W. at 10:00 a.m. (Calgary time) on Monday, January 9, 2012, for the purposes set forth in the accompanying Notice of Meeting of Twin Butte Shareholders.

Background and Anticipated Benefits of the Arrangement

Background

Each of the Twin Butte Board and Emerge Board and senior management of each of Twin Butte and Emerge regularly consider and investigate opportunities to enhance value for their respective shareholders. Those opportunities have included the possibility of strategic transactions with various industry participants. The management and directors of each of Twin Butte and Emerge review and consider such proposals as they arise to determine whether pursuing them would be in the best interests of their respective shareholders.

In late December 2010 Emerge was contacted directly by an industry participant which expressed interest in entering into a business combination with Emerge. Emerge entered into a mutual confidentiality and standstill agreement with the industry participant and both parties subsequently conducted due diligence reviews and held

meetings with respect to a proposed business combination. This process did not result in a proposal acceptable to the Emerge Board.

On February 28, 2011, Emerge formally retained Peters & Co. as its exclusive financial advisor, to assist in identifying and evaluating potential transactions and in the analysis and consideration of various financial and strategic alternatives including potential acquisitions or other potential business combinations. In the months that followed, Emerge, with the assistance of Peters & Co., had discussions with and conducted investigations of a number of exploration and development entities and potential acquisitions of other entities and assets, dispositions of assets by Emerge to other entities and the merger and/or sale of Emerge with or into other entities. This process did not result in a proposal acceptable to the Emerge Board.

On September 28, 2011 the Emerge Board was provided with an indicative offer from an industry participant to purchase all of the Emerge Shares. Mutual confidentiality agreements were subsequently entered into between the parties and thereafter the parties commenced preliminary reciprocal due diligence investigations. This process did not result in a proposal acceptable to the Emerge Board.

On October 11, 2011 the President and Chief Executive Officer of Emerge was contacted directly by the President and Chief Executive Officer of Twin Butte with a view to exploring a proposed business combination of Emerge and Twin Butte. On October 18, 2011 Emerge entered into a confidentiality agreement in favour of Twin Butte, which was substantially the same as the confidentiality agreement dated March 9, 2011 previously entered into by Twin Butte in favour of Emerge. On October 19, 2011 Emerge commenced its preliminary due diligence on Twin Butte. From October 19, 2011 to November 3, 2011 information was exchanged between Emerge and Twin Butte. On November 4, 2011 Twin Butte submitted a non-binding proposal in the form of a letter of intent which outlined the general terms for a proposed business combination between Emerge and Twin Butte. The Emerge Board met on November 5, 2011 to discuss the non-binding proposal from Twin Butte. Peters & Co. attended the Emerge Board meeting and provided the Emerge Board with an analysis of Twin Butte's non-binding proposal. At the Emerge Board meeting of November 5, 2011, Peters & Co. was authorized to contact Twin Butte and to convey the views of the Emerge Board on the terms and conditions upon which Emerge would be willing to proceed with a business combination with Twin Butte.

On November 6, 2011 and November 7, 2011 discussions continued between Peters & Co., on behalf of Emerge, and Twin Butte. On November 7, 2011 the Emerge Board determined to proceed with a proposed business combination with Twin Butte, by way of the Arrangement, whereunder each Emerge Shareholder would receive, for each Emerge Share held, 0.585 of a Twin Butte Share.

On November 8, 2011 legal counsel for each of Emerge and Twin Butte provided due diligence request lists to the other and the Parties continued to conduct due diligence reviews on, and to respond to due diligence inquiries with respect to, the other.

On November 13, 2011 the Emerge Board met to consider the results its further due diligence reviews, the specific transaction terms that had been negotiated with Twin Butte, the merits of entering into the Arrangement and the terms and conditions of the proposed Arrangement Agreement. During the November 13, 2011 Emerge Board meeting Peters & Co. delivered its independent oral opinion (subsequently delivered in writing) that, subject to review of final documentation, the consideration to be received by the Emerge Shareholders in connection with the Arrangement was fair, from a financial point of view, to the Emerge Shareholders. The written Peters & Co. Fairness Opinion is contained in Appendix E to this Information Circular. After extensive discussion and careful consideration of the proposed Arrangement, the Emerge Board approved the execution and delivery of the Arrangement Agreement as being in the best interests of Emerge and determined to recommend that the Emerge Shareholders vote in favour of the Arrangement.

The negotiation of the definitive terms and conditions of the Arrangement Agreement was completed in the late afternoon of November 13, 2011, at which time the Arrangement Agreement was executed and Emerge and Twin Butte issued a joint news release that evening announcing the Arrangement.

See "*The Arrangement — Background to and Anticipated Benefits of the Arrangement – Background*".

Anticipated Benefits of the Arrangement

The Arrangement will create a uniquely positioned intermediate-sized oil and gas company focusing on heavy oil opportunities in Alberta and Saskatchewan. Emerge and Twin Butte believe that the prospects for their respective shareholders are greater through the combination of their assets than either company could achieve on its own and that the Arrangement will create a company with critical mass and sufficient cash flow to provide a sustained monthly dividend to its shareholders. There is a risk that Twin Butte may not realize the anticipated benefits of the Arrangement. See "*The Arrangement – Risk Factors Related to the Arrangement*".

Emerge and Twin Butte believe that there are a number of benefits to their respective shareholders which are anticipated to result from the Arrangement and the transactions contemplated thereby, including:

- the Emerge Board has determined that the Arrangement is in the best interests of Emerge and it unanimously recommends that Emerge Shareholders vote **FOR** the Emerge Resolution;
- the Emerge Board received a fairness opinion from Peters & Co. to the effect that, as of November 13, 2011, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Emerge Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Emerge Shareholders;
- all of the directors and officers of Emerge, representing approximately 11% of the outstanding Emerge Shares (on a non-diluted basis), have entered into the Emerge Support Agreements pursuant to which they have agreed, among other things, to vote their Emerge Shares in favour of the Emerge Resolution and to otherwise support the Arrangement;
- Emerge Shareholders have the ability to exercise Emerge Dissent Rights;
- the Arrangement requires approval by the Court;
- the Arrangement creates a well positioned intermediate sized oil and gas exploration and production company focusing on heavy oil opportunities in Alberta and Saskatchewan;
- Twin Butte and Emerge anticipate that the combination of the two companies will provide critical mass and sufficient cash flow to provide a sustainable monthly dividend to shareholders after completion of the Arrangement;
- the combined tax pools of Twin Butte and Emerge should permit the combined entity to pay monthly dividends without causing the entity to become cash taxable for several years;
- Twin Butte and Emerge have complementary assets and the consolidation of certain operating and administrative functions is anticipated to provide operating and cost efficiencies; and
- Twin Butte and Emerge shareholders will be able to continue to participate in the growth opportunities associated with the asset base of the combined company.

See "*The Arrangement – Background to and Anticipated Benefits of the Arrangement – Anticipated Benefits of the Arrangement*".

Support Agreements

Emerge Support Agreements

All of the directors and officers of Emerge have entered into Emerge Support Agreements, on terms similar to the Twin Butte Support Agreements, pursuant to which the Emerge Support Shareholders have agreed, among other things, to vote an aggregate of 9,821,000 Emerge Shares, representing approximately 11% of the outstanding

Emerge Shares (on a non-diluted basis), in favour of the Emerge Resolution and to otherwise support the Arrangement, subject to the provisions of the Emerge Support Agreements.

See "*The Arrangement – Support Agreements – Emerge Support Agreements*".

Twin Butte Support Agreements

All of the directors and officers of Twin Butte have entered into Twin Butte Support Agreements, on terms similar to the Emerge Support Agreements, pursuant to which the Twin Butte Support Shareholders have agreed, among other things, to vote an aggregate of 5,724,510 Twin Butte Shares, representing approximately 4.2% of the outstanding Twin Butte Shares (on a non-diluted basis) in favour of the Twin Butte Resolution and to otherwise support the Arrangement, subject to the provisions of the Twin Butte Support Agreements.

See "*The Arrangement – Support Agreements – Twin Butte Support Agreements*".

Recommendations of the Emerge Board

After considering, among other things, the Peters & Co. Fairness Opinion that, as of November 13, 2011 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Emerge Shareholders under the Arrangement is fair, from a financial point of view, to the Emerge Shareholders, the anticipated benefits of the Arrangement and the risks associated with completing the Arrangement, the Emerge Board has concluded that the Arrangement is in the best interests of Emerge and unanimously recommends that the Emerge Shareholders vote **FOR** the Emerge Resolution.

The discussion of the information and factors considered and given weight to by the Emerge Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Emerge Resolution, the Emerge Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

See "*The Arrangement – Recommendations of the Emerge Board*".

Recommendations of the Twin Butte Board

After considering, among other things, the GMP Fairness Opinion that, as of November 13, 2011, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders, the expected benefits of the Arrangement and the risks associated with completing the Arrangement, the Twin Butte Board has concluded that the Arrangement is in the best interests of Twin Butte and unanimously recommends that the Twin Butte Shareholders vote **FOR** the Twin Butte Resolution.

The discussion of the information and factors considered and given weight to by the Twin Butte Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Twin Butte Resolution, the Twin Butte Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

See "*The Arrangement – Recommendations of the Twin Butte Board*".

Effect of the Arrangement

General

Pursuant to the Arrangement, all of the issued and outstanding Emerge Shares will be transferred to Twin Butte.

Assuming that there are no Dissenting Emerge Shareholders and all 2,286,667 "in the money" Emerge Options (based on a deemed transaction value of $1.15 per Emerge Share) are surrendered for cash prior to the Effective

Time, it is anticipated that Twin Butte, to effect the Arrangement, will be required to issue an aggregate of 54,138,879 Twin Butte Shares in exchange for all of the outstanding Emerge Shares (which assumes all "in the money" Emerge Options are surrendered for an "in the money" cash payment for such Emerge Options). If the Arrangement is completed as contemplated, it is expected that former Emerge Shareholders will own approximately 29% of the outstanding Twin Butte Shares subsequent to the Arrangement.

No fractional Twin Butte Shares will be issued pursuant to the Plan of Arrangement. In lieu of any fractional Twin Butte Share, each previous Emerge Shareholder otherwise entitled to a fractional interest in a Twin Butte Share will receive the nearest whole number of Twin Butte Shares (with fractions equal to exactly 0.5 being rounded up).

Effect on Emerge Shares

Pursuant to the Arrangement all Emerge Shares will be transferred to Twin Butte in exchange for 0.585 of a Twin Butte Share for each Emerge Share.

See also "*The Arrangement – Effect and Details of the Arrangement – Effect on Emerge Shares*".

Effect on Emerge Options

As a result of the execution of the Arrangement Agreement, all outstanding Emerge Options have conditionally fully vested. As at the date hereof, an aggregate of 7,432,334 Emerge Options are outstanding, of which 2,286,667 Emerge Options are expected to be "in the money" based on a deemed transaction value of $1.15 per Emerge Share.

Agreements are expected to be entered into between Emerge and each of the Emerge Optionholders whereby each Emerge Optionholder will agree to: (a) surrender for cancellation, immediately prior to the Effective Time, all "in the money" Emerge Options held by such Emerge Optionholder for a cash payment by Emerge equal to the "in the money" amount (which "in the money" amount shall be calculated by subtracting from the product of the 5 day volume weighted average trading price of the Twin Butte Shares on the TSX ending on the third Business Day immediately prior to the Effective Date multiplied by 0.585, the exercise price of such Emerge Options) and a portion of such cash payment will be withheld by Emerge and remitted directly to the Canada Revenue Agency on account of withholding taxes; and (b) surrender for cancellation all Emerge Options held by such Emerge Optionholder not exercised or surrendered pursuant to subparagraph (a) above, immediately prior to the Effective Time, in consideration of the payment by Emerge to such Emerge Optionholder of $0.001 per Emerge Option.

See also "*The Arrangement – Effect and Details of the Arrangement – Effect on Emerge Options*".

Change of Control Provisions

Certain employment agreements with Emerge's officers contain "change of control" provisions which will be triggered by the completion of the Arrangement. Pursuant to such agreements, Thomas Greschner, the President and Chief Executive Officer of Emerge, shall be entitled to a termination payment of $294,000, Brent Lacey, the Executive Vice President and Chief Operating Officer of Emerge and Preston Kraft, Vice President, Engineering and Operations of Emerge, shall each be entitled to a termination payment of $264,000 and Claude Gamache, the Vice President, Exploration of Emerge and Anita Tonn, the Vice-President, Finance and Chief Financial Officer of Emerge, shall each be entitled to a termination payment of $240,000. See "*The Arrangement – Shareholders Approval – Minority Approval*".

See "*The Arrangement – Interests of Certain Persons or Companies in the Arrangement – Change of Control Provisions*".

Details of the Arrangement

Arrangement Steps

Commencing at the Effective Time, each of the events set out below will occur and will be deemed to occur in the following order without any further act or formality except as otherwise provided in the Plan of Arrangement:

(a) the Emerge Shares held by Dissenting Emerge Shareholders who have exercised Emerge Dissent Rights which remain valid immediately prior to the Effective Time will, as of the Effective Time, be deemed to have been transferred to Twin Butte, and as of the Effective Time, any such Dissenting Emerge Shareholders shall cease to have any rights as Emerge Shareholders, other than the right to be paid the fair value of their Emerge Shares in accordance with the Emerge Dissent Rights; and

(b) all Emerge Shares (other than such Emerge Shares held by Twin Butte, if any), will be transferred to Twin Butte (free and clear of any and all liens, claims and encumbrances), and each Emerge Shareholder will be entitled to receive from Twin Butte 0.585 of a Twin Butte Share for each Emerge Share held.

See "*The Arrangement – Effect and Details of the Arrangement – General*".

Directors of Twin Butte Following the Arrangement

If the Arrangement is completed as contemplated, the Twin Butte Board is expected to be comprised of a total of seven directors, with six directors being current directors of Twin Butte (Messrs. James Brown, John Brussa, David Fitzpatrick, James Saunders, Warren Steckley and William Trickett) plus Mr. Thomas Greschner, being Emerge's current Chairman, President and Chief Executive Officer.

See "*Pro Forma Information of Twin Butte After Giving Effect to the Arrangement – Pro Forma Twin Butte Board*".

The Arrangement Agreement

The following is a summary of certain terms of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, which is attached as Appendix D to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular.

See "*The Arrangement – The Arrangement Agreement*" and Appendix D to this Information Circular for the entire text of the Arrangement Agreement.

Covenants, Representations and Warranties

The Arrangement Agreement contains customary covenants and representations and warranties for an agreement of this type, including certain non-solicitation covenants from Emerge in favour of Twin Butte.

Conditions to the Arrangement

The obligations of Emerge and Twin Butte to complete the Arrangement are subject to the satisfaction or waiver of certain conditions set out in the Arrangement Agreement which are summarized in the main body of the Information Circular. These conditions include the receipt of Emerge Shareholder approval, Twin Butte Shareholder approval, Court approval and various third party approvals.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated at any time prior to the Effective Date and termination fees or expense reimbursement fees, as the case may be, may be payable by either party in certain circumstances which are summarized in the main body of the Information Circular.

Termination Fees

Under certain circumstances, Twin Butte has agreed to pay Emerge a termination fee in the amount of $3,500,000. Under certain circumstances, Emerge has agreed to pay Twin Butte a termination fee in the amount of $3,500,000. A summary of the circumstances where these payments are required to be made is provided in the main body of the Information Circular.

Risk Factors Related to the Arrangement

The completion of the Arrangement is subject to certain risks. In addition to the risk factors described under the headings "*Risk Factors*" in each of the Emerge AIF and the Twin Butte AIF, which are specifically incorporated by reference into this Information Circular, and the risk factors described under "*The Arrangement — Risk Factors Related to the Arrangement*", the following is a list of certain additional and supplemental risk factors which Emerge Shareholders should carefully consider before making a decision to approve the Emerge Resolution and which Twin Butte Shareholders should carefully consider before making a decision to approve the Twin Butte Resolution:

- Emerge and Twin Butte may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Arrangement on satisfactory terms or at all;
- the Arrangement Agreement may be terminated in certain circumstances, including in the event of a Material Adverse Change in Emerge or Twin Butte;
- the market price for the Emerge Shares and the Twin Butte Shares may decline;
- there are risks related to the integration of Emerge's and Twin Butte's existing businesses; and
- there is a risk that Twin Butte's assessment of the combined company's business prospects and condition and/or its ability to become a dividend paying corporation will prove to be incorrect.

There are additional risk factors contained elsewhere or incorporated by reference in this Information Circular. See "*The Arrangement - Risk Factors Related to the Arrangement*". Emerge Shareholders, Twin Butte Shareholders and potential investors should carefully consider all such risk factors.

Procedure for Exchange of Securities

The Letter of Transmittal has been sent to registered Emerge Shareholders with this Information Circular. The Letter of Transmittal sets out the procedure to be followed by Depositing Shareholders to deposit their Emerge Shares. If the Arrangement becomes effective, in order to receive a physical certificate(s) representing Twin Butte Shares in exchange for the deposited Emerge Shares to which the Depositing Shareholder is entitled under the Plan of Arrangement, a Depositing Shareholder must deliver the Letter of Transmittal, properly completed and duly executed, together with certificate(s) representing its Deposited Securities and all other required documents to the Depositary at the address set forth in the Letter of Transmittal. It is each Depositing Shareholder's responsibility to ensure that the Letter of Transmittal is received by the Depositary. If the Arrangement is not completed, the Letter of Transmittal will be of no effect and the Depositary will return all certificates representing the Deposited Securities to the holders thereof as soon as practicable at the address specified in the Letter of Transmittal. Depositing Shareholders whose Emerge Shares are registered in the name of an Intermediary must contact their Intermediary to deposit their Deposited Securities.

Any certificate formerly representing Emerge Shares that is not deposited with all other documents as required by the Plan of Arrangement on or prior to the fifth anniversary of the Effective Date (or such earlier date as required by applicable law) will cease to represent a right or claim of any kind or nature including the right of the Emerge Shareholder to receive Twin Butte Shares (and any dividend or other distributions thereon). In such case, such Twin Butte Shares (together with all dividends or other distributions thereon) will be returned to Twin Butte and such Twin Butte Shares will be cancelled.

Depositing Shareholders are encouraged to deliver a properly completed and duly executed Letter of Transmittal together with the relevant certificate(s) representing the Deposited Securities and any other required documents to the Depositary as soon as possible.

The use of mail to transmit certificates representing the Deposited Securities and the Letter of Transmittal is at each holder's risk. Emerge recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used and appropriate insurance be obtained.

The Depositary will receive reasonable and customary compensation from Twin Butte for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liability under securities laws and expenses in connection therewith.

For additional information, see "*The Arrangement - Procedure for Exchange of Securities*".

Shareholder Approval

Emerge Shareholder Approval

Pursuant to the terms of the Interim Order, the Emerge Resolution must, subject to further orders of the Court, be approved by:

(a) not less than 66⅔% of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting; and

(b) a simple majority of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting, after excluding the votes required by MI 61-101.

See Appendix A-1 to this Information Circular for the full text of the Emerge Resolution. See also "*The Arrangement – Shareholder Approval – Emerge Shareholder Approval*" and "*The Arrangement – Shareholder Approval - Minority Approval*".

Twin Butte Shareholder Approval

It is a condition to Emerge's obligation to complete the Arrangement that the Twin Butte Resolution be approved at the Twin Butte Meeting. The number of votes required to pass the Twin Butte Resolution is a simple majority of the votes cast by Twin Butte Shareholders, present in person or by proxy, at the Twin Butte Meeting.

See Appendix A-2 to this Information Circular for the full text of the Twin Butte Resolution. See also "*The Arrangement – Shareholder Approval – Twin Butte Shareholder Approval*".

The number of votes required to pass the Twin Butte Share Award Incentive Plan Resolution is a simple majority of the votes cast by Twin Butte Shareholders, present in person or by proxy, at the Twin Butte Meeting. See "*Matters to be Acted Upon at the Twin Butte Meeting - Approval of the Twin Butte Share Award Incentive Plan*" in this Information Circular for the full text of the Twin Butte Share Award Incentive Plan Resolution.

Fairness Opinions

Peters & Co. Fairness Opinion

The Emerge Board engaged Peters & Co. as exclusive financial advisor to Emerge in connection with Emerge's review of strategic acquisitions or alternatives, which mandate also included acting as financial advisor with respect to the Arrangement. Peters & Co. has provided the Peters & Co. Fairness Opinion to the Emerge Board that, as of November 13, 2011 and subject to the assumptions, explanations, qualifications and limitations contained therein, the consideration to be received by Emerge Shareholders in connection with the Arrangement is fair, from a financial point of view, to Emerge Shareholders.

The summary of the Peters & Co. Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Peters & Co. Fairness Opinion. The Peters & Co. Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.

See Appendix E for the full text of the Peters & Co. Fairness Opinion and "*The Arrangement — Fairness Opinions – Peters & Co. Fairness Opinion*".

GMP Fairness Opinion

The Twin Butte Board engaged GMP to provide a fairness opinion to the Twin Butte Board in connection with the Arrangement. GMP has provided the GMP Fairness Opinion to the Twin Butte Board that, as of November 13, 2011, and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders.

The summary of the GMP Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the GMP Fairness Opinion. The GMP Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.

See Appendix F for the full text of the GMP Fairness Opinion and "*The Arrangement — Fairness Opinions –GMP Fairness Opinion*".

Final Order

Completion of the Arrangement is subject to the satisfaction of several conditions and the approval of the Court. Subject to the terms of the Arrangement Agreement, if the Emerge Resolution is approved at the Emerge Meeting and the Twin Butte Resolution is approved at the Twin Butte Meeting, Emerge will make application to the Court for the Final Order at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta, Canada on January 9, 2012 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. See "*The Arrangement - Court Approvals*" and See "*The Arrangement — Procedure for the Arrangement Becoming Effective*".

Dissent Rights

Emerge Dissent Rights

Pursuant to the Interim Order, registered Emerge Shareholders have the right to dissent with respect to the Emerge Resolution by providing a written objection to the Emerge Resolution to Emerge, c/o Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, Alberta T2P 0R3, Attention: Bill Guinan, by no later than 4:00 p.m. (Calgary time) on the second Business Day immediately preceding the date of the Emerge Meeting.

In the event the Arrangement becomes effective, each Emerge Shareholder who properly dissents and becomes a Dissenting Emerge Shareholder will be entitled to be paid the fair value of the Emerge Shares in respect of which such holder dissents in accordance with Section 191 of the ABCA, as modified by the Interim Order. An Emerge

Shareholder who votes in favour of the Arrangement shall not be entitled to dissent. A Dissenting Emerge Shareholder may dissent only with respect to all of the Emerge Shares held by such Dissenting Emerge Shareholder. See Appendices B and H for a copy of the Interim Order and the provisions of Section 191 of the ABCA, respectively.

The statutory provisions covering the right to dissent are technical and complex. Failure to strictly comply with such requirements set forth in Section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of any right to dissent. **A Beneficial Shareholder of Emerge Shares registered in the name of an Intermediary who wishes to dissent should be aware that only the Registered Holder of such Emerge Shares is entitled to dissent.** Accordingly, a Beneficial Shareholder of Emerge Shares desiring to exercise Emerge Dissent Rights must make arrangements for such beneficially owned Emerge Shares to be registered in such holder's name prior to the time the written objection to the Emerge Resolution is required to be received by Emerge, or alternatively, make arrangements for the Registered Holder of such Emerge Shares to dissent on such holder's behalf. Pursuant to Section 191 of the ABCA, an Emerge Shareholder is only entitled to dissent in respect of all of the Emerge Shares held by such Dissenting Emerge Shareholder or on behalf of any one Beneficial Shareholder and registered in the name of the Dissenting Emerge Shareholder.

It is a condition to the Arrangement that Emerge Shareholders holding not more than 5% of the outstanding Emerge Shares shall have exercised Emerge Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

See "*The Arrangement — Dissent Rights — Emerge Dissent Rights*" and "*The Arrangement — The Arrangement Agreement — Conditions of Closing*".

Stock Exchange Listing Approval

The Emerge Shares are listed on the TSX under the symbol "EME". The Twin Butte Shares are listed on the TSX under the symbol "TBE".

It is a mutual condition to the completion of the Arrangement that the Twin Butte Shares to be issued to the Emerge Shareholders (other than Dissenting Emerge Shareholders) pursuant to the Arrangement are conditionally approved for listing on the TSX. The TSX conditionally approved the listing of such Twin Butte Shares on December 6, 2011, subject to Twin Butte fulfilling the requirements of the TSX.

The Emerge Shares will be delisted from the TSX following the completion of the Arrangement.

See "*The Arrangement — Stock Exchange Listing Approval*".

Other Regulatory Conditions or Approvals

It is a condition precedent to the completion of the Arrangement that all requisite regulatory conditions be satisfied and all requisite approvals be obtained, including pursuant to the Competition Act.

See "*The Arrangement — Procedure for the Arrangement to Become Effective – Regulatory Approvals*" and "*The Arrangement – Procedure for the Arrangement to Become Effective – Competition Act Approval*".

Certain Canadian Federal Income Tax Considerations

The Arrangement contemplates that an Emerge Shareholder shall transfer each Emerge Share to Twin Butte in exchange for 0.585 of a Twin Butte Share.

Generally, an Emerge Shareholder will not recognize a capital gain or a capital loss in respect of the exchange of an Emerge Share for a Twin Butte Share unless the Emerge Shareholder chooses to recognize any portion of the capital gain or capital loss otherwise arising on the exchange by taking the positive step of reporting the capital gain or

capital loss in the Emerge Shareholder's tax return under the ITA for the Emerge Shareholder's taxation year in which the exchange occurs.

Emerge Shareholders who are not resident in Canada generally should not be subject to Canadian federal income tax in respect of any capital gains realized on the exchange.

See "*The Arrangement — Certain Canadian Federal Income Tax Considerations*".

Certain Other Tax Considerations

This Information Circular does not address any tax considerations of the Arrangement other than certain Canadian income tax considerations applicable to Emerge Shareholders. Emerge Shareholders who are resident in or otherwise subject to taxation in jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions and with respect to the tax implications in such jurisdictions of owning Twin Butte Shares after the completion of the Arrangement. Emerge Shareholders should also consult their own tax advisors regarding provincial, state or territorial tax considerations of the Arrangement or of holding Twin Butte Shares.

MATTERS TO BE ACTED UPON AT THE EMERGE MEETING

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as disclosed herein, management of Emerge is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or proposed nominee for director, or executive officer or anyone who has held office as such since January 1, 2010 or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Emerge Meeting.

The Arrangement

The principal purpose of the Emerge Meeting is for Emerge Shareholders to consider and, if thought advisable, pass the Emerge Resolution. The full text of the Emerge Resolution is set forth in Appendix A-1 of this Information Circular.

On any ballot that may be called for at the Emerge Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Emerge Resolution, unless an Emerge Shareholder has specified in its instrument of proxy that its Emerge Shares are to be voted against the Emerge Resolution. If no choice is specified by an Emerge Shareholder to vote either for or against the Emerge Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the Emerge Resolution.

For a full description of the Arrangement see "*The Arrangement*".

MATTERS TO BE ACTED UPON AT THE TWIN BUTTE MEETING

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as disclosed herein, management of Twin Butte is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or proposed nominee for director, or executive officer or anyone who has held office as such since January 1, 2010 or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Twin Butte Meeting.

Provided the Twin Butte Share Award Incentive Plan is adopted and implemented, directors and officers of Twin Butte will be eligible to participate in the Twin Butte Share Award Incentive Plan and may be granted Twin Butte Restricted Awards or Twin Butte Performance Awards from time to time thereunder following completion of the Arrangement, subject to the terms and limitations contained in the Twin Butte Share Award Incentive Plan.

The Arrangement

The principal purpose of the Twin Butte Meeting is for Twin Butte Shareholders to consider and, if thought advisable, pass the Twin Butte Resolution. The full text of the Twin Butte Resolution is set forth in Appendix A-2 of this Information Circular.

On any ballot that may be called for at the Twin Butte Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Twin Butte Resolution, unless a Twin Butte Shareholder has specified in its instrument of proxy that its Twin Butte Shares are to be voted against the Twin Butte Resolution. If no choice is specified by a Twin Butte Shareholder to vote either for or against the Twin Butte Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the Twin Butte Resolution.

For a full description of the Arrangement see "*The Arrangement*".

Approval of the Twin Butte Share Award Incentive Plan

Subsequent to the completion of the Arrangement, it is currently expected that Twin Butte will adopt a policy whereby it will declare and pay a monthly dividend on the outstanding Twin Butte Shares as further described under "*The Arrangement - Anticipated Benefits of the Arrangement*". As such, the Twin Butte Board has considered the appropriateness of the Twin Butte Option Plan and has determined that such plan is not ideally suited for a dividend paying company as it does not recognize the value of the dividends payable on the underlying Twin Butte Shares. As such, the Twin Butte Board has considered a variety of alternative compensation plans and determined that a share award incentive plan, such as the Twin Butte Share Award Incentive Plan, would be more appropriate to reflect Twin Butte's expected business subsequent to the Arrangement.

Provided the Arrangement is completed and the Twin Butte Share Award Incentive Plan is approved by Twin Butte Shareholders at the Twin Butte Meeting, Twin Butte intends to discontinue the grant of Twin Butte Options pursuant to the Twin Butte Option Plan and, over time, intends to eliminate the outstanding Twin Butte Options including by way of requesting the exchange of outstanding Twin Butte Options for Share Awards granted pursuant to the Twin Butte Share Award Incentive Plan.

At the Twin Butte Meeting, Twin Butte Shareholders will be asked to consider and, if deemed advisable, approve the adoption of the Twin Butte Share Award Incentive Plan which will authorize the Twin Butte Board to grant Restricted Awards and Performance Awards to persons who are directors, officers, employees or consultants of Twin Butte and its affiliates ("**Service Providers**"). A copy of the Twin Butte Share Award Incentive Plan is set out in Appendix K to this Information Circular.

In the event that the Arrangement is approved and the Twin Butte Share Award Incentive Plan is not approved by Twin Butte Shareholders at the Twin Butte Meeting, Twin Butte will consider the provision of comparable compensation to its Service Providers in the form of cash or by other appropriate arrangements (which may include the resumption of grants under the Twin Butte Option Plan).

The following disclosure assumes that the Arrangement is completed and the Twin Butte Share Award Incentive Plan is approved by the Twin Butte Shareholders at the Twin Butte Meeting. **Capitalized terms used but not defined in the following disclosure shall have the meanings ascribed thereto in the Twin Butte Share Award Incentive Plan, a copy of which is set out in Appendix K to this Information Circular.**

Purpose of the Twin Butte Share Award Incentive Plan

The principal purposes of the Twin Butte Share Award Incentive Plan are: (i) to retain and attract qualified Service Providers that Twin Butte and its affiliates require; (ii) to promote a proprietary interest in Twin Butte by such Service Providers and to encourage such persons to remain in the employ or service of Twin Butte and its affiliates and put forth maximum efforts for the success of the business of Twin Butte and its affiliates; and (iii) to focus management of Twin Butte and its affiliates on operating and financial performance and long-term total shareholder return.

Incentive-based compensation such as the Twin Butte Share Award Incentive Plan is an integral component of compensation for Service Providers. The attraction and retention of qualified Service Providers has been identified as one of the key risks to Twin Butte's long-term strategic growth plan. The Twin Butte Share Award Incentive Plan is intended to maintain Twin Butte's competitiveness within the North American oil and gas industry to facilitate the achievement of its long-term goals. In addition, this incentive-based compensation is intended to reward Service Providers for meeting certain pre-defined operational and financial goals which have been identified for increasing long-term total shareholder return.

Overview

The Twin Butte Board is expected to delegate the authority to administer the Twin Butte Share Award Incentive Plan to the Compensation Committee, Nominating and Corporate Governance of the Twin Butte Board (the "**Compensation Committee**").

Under the terms of the Twin Butte Share Award Incentive Plan, any Service Provider may be granted Twin Butte Restricted Awards or Twin Butte Performance Awards. In determining the Service Providers to whom Twin Butte Share Awards may be granted ("**Grantees**"), the number of Twin Butte Shares to be covered by each Twin Butte Share Award and the allocation of the Twin Butte Share Award between Twin Butte Restricted Awards and Twin Butte Performance Awards, the Compensation Committee may take into account such factors as it shall determine in its sole discretion, including any one or more of the following factors:

(a) compensation data for comparable benchmark positions among the Peer Comparison Group;

(b) the duties, responsibilities, position and seniority of the Grantee;

(c) the Corporate Performance Measures for the applicable period compared with internally established performance measures approved by the Compensation Committee and/or similar performance measures of members of the Peer Comparison Group for such period;

(d) the individual contributions and potential contributions of the Grantee to the success of Twin Butte;

(e) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of Twin Butte;

(f) the Fair Market Value or current market price of the Twin Butte Shares at the time of such Share Award; and

(g) such other factors as the Compensation Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Twin Butte Share Award Incentive Plan.

Twin Butte Restricted Awards

Each Twin Butte Restricted Award will entitle the holder to be issued the number of Twin Butte Shares designated in the Twin Butte Restricted Award with such Twin Butte Shares to be issued as to one-third on each of the first, second and third anniversary dates of the date of grant (or such earlier or later dates as may be determined by the Compensation Committee).

Twin Butte Performance Awards

Each Twin Butte Performance Award will entitle the holder to be issued as to one-third on each of the first, second and third anniversary dates of the date of grant (or such earlier or later dates as may be determined by the Compensation Committee) the number of Twin Butte Shares designated in the Performance Award multiplied by a Payout Multiplier.

The Payout Multiplier is determined by the Compensation Committee based on an assessment of the achievement of the pre-defined Corporate Performance Measures in respect of the applicable period. Corporate Performance Measures may include: relative total shareholder return; recycle ratio; activities related to the growth of Twin Butte; average production volumes; unit costs of production; total proved reserves; health, safety and environmental performance; the execution of Twin Butte's strategic plan and such additional measures as the Compensation Committee shall consider appropriate in the circumstances. The Payout Multiplier for a particular period can be one of 0x (for fourth quartile ranking), 1x (for third quartile ranking), 1.5x (for second quartile ranking) or 2x (for first quartile ranking). For those Twin Butte Performance Awards where the Issue Date is the second or third anniversary of the grant date, the Payout Multiplier will be the arithmetic average of the Payout Multiplier for each of the two or three preceding fiscal years, respectively.

Dividend Equivalents

The Twin Butte Share Award Incentive Plan provides for cumulative adjustments to the number of Twin Butte Shares to be issued pursuant to Twin Butte Share Awards on each date that dividends are paid on the Twin Butte Shares by an amount equal to a fraction having as its numerator the amount of the dividend per Twin Butte Share and having as its denominator the price, expressed as an amount per Twin Butte Share, paid by participants in Twin Butte's dividend reinvestment plan, if any, to reinvest their dividends in additional Twin Butte Shares on the applicable dividend payment date, provided that if Twin Butte has suspended the operation of such plan or does not have such a plan, then the Reinvestment Price shall be equal to the Fair Market Value of the Twin Butte Shares on the trading day immediately preceding the Divided Payment Date.

Under the Twin Butte Share Award Incentive Plan, in the case of a non-cash dividend, including Twin Butte Shares or other securities or property, the Compensation Committee will, in its sole discretion and subject to the approval of the TSX, determine whether or not such non-cash dividend will be provided to the Twin Butte Share Award holder and, if so provided, the form in which it shall be provided.

Limitation on Twin Butte Shares Reserved

The Twin Butte Share Award Incentive Plan provides that the maximum number of Twin Butte Shares reserved for issuance from time to time pursuant to Twin Butte Share Awards and pursuant to all other security based compensation arrangements of Twin Butte, at any time, shall not exceed a number of Twin Butte Shares equal to 10% of the aggregate number of issued and outstanding Twin Butte Shares.

Limitations on Twin Butte Share Awards

The aggregate number of Twin Butte Share Awards granted to any single Service Provider shall not exceed 5% of the issued and outstanding Twin Butte Shares, calculated on an undiluted basis. In addition: (i) the number of Twin Butte Shares issuable to insiders at any time, under all security based compensation arrangements of Twin Butte (including the Twin Butte Option Plan), shall not exceed 10% of the issued and outstanding Twin Butte Shares; and (ii) the number of Twin Butte Shares issued to insiders, within any one year period, under all security based

compensation arrangements of Twin Butte, shall not exceed 10% of the issued and outstanding Twin Butte Shares. The number of Twin Butte Shares issuable pursuant to the Twin Butte Share Award Incentive Plan to Non-Management Directors, in aggregate, will be limited to a maximum of 0.5% of the issued and outstanding Twin Butte Shares and the value of all Twin Butte Share Awards granted to any Non-Management Director during a calendar year, as calculated on the date of grant, cannot exceed $100,000 (for purposes of monitoring compliance with these limitations, a Payout Multiplier of 1x will be assumed for any Twin Butte Performance Awards).

Issue Dates

If a Grantee is prohibited from trading in securities of Twin Butte as a result of the imposition by Twin Butte of a trading blackout (a "**Blackout Period**") and the Issue Date of a Twin Butte Share Award held by such Grantee falls within a Blackout Period (or within ten business days following the end of a Blackout Period), then the Issue Date of such Twin Butte Share Award shall be extended to the date that is ten business days following the end of such Blackout Period.

Payment of Twin Butte Share Awards

On the Issue Date, Twin Butte shall have the option of settling any amount payable in respect of a Twin Butte Share Award by any of the following methods or by a combination of such methods:

(a) Twin Butte Shares issued from the treasury of Twin Butte; or

(b) with the consent of the Grantee, cash in an amount equal to the aggregate Fair Market Value of such Twin Butte Shares that would otherwise be delivered in consideration for the surrender by the Grantee to Twin Butte of the right to receive such Twin Butte Shares under such Twin Butte Share Award.

The Twin Butte Share Award Incentive Plan does not contain any provisions for financial assistance by Twin Butte in respect of Twin Butte Share Awards granted thereunder.

Change of Control

In the event of a Change of Control of Twin Butte, the Issue Date(s) applicable to the Twin Butte Share Awards will be accelerated such that the Twin Butte Shares to be issued pursuant to such Twin Butte Share Awards will be issued immediately prior to the date upon which the Change of Control is completed and the Payout Multiplier applicable to any Twin Butte Performance Awards shall be determined by the Compensation Committee.

Early Termination Events

Pursuant to the Twin Butte Share Award Incentive Plan, unless otherwise determined by the Compensation Committee or unless otherwise provided in a Twin Butte Share Award Agreement pertaining to a particular Twin Butte Share Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

(a) Death - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Issue Date for all Twin Butte Shares awarded to such Grantee under any outstanding Twin Butte Share Award Agreements shall be accelerated to the Cessation Date, provided that the President and Chief Executive Officer of Twin Butte in the case of a Grantee who is not a director or officer and the Compensation Committee in all other cases, taking into consideration the performance of such Grantee and the performance of Twin Butte since the date of grant of the Twin Butte Share Award(s), may determine in its sole discretion the Payout Multiplier to be applied to any Twin Butte Performance Awards held by the Grantee.

(b) Termination for Cause - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the Cessation Date all outstanding Twin Butte Share Award Agreements under which Twin Butte Share Awards have been made to such Grantee, whether Twin Butte Restricted Awards or Twin

Butte Performance Awards, shall be immediately terminated and all rights to receive Twin Butte Shares thereunder shall be forfeited by the Grantee.

(c) Voluntary Resignation - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is fourteen (14) days after the Cessation Date, all outstanding Twin Butte Share Award Agreements under which Twin Butte Share Awards have been made to such Grantee, whether Twin Butte Restricted Awards or Twin Butte Performance Awards, shall be terminated and all rights to receive Twin Butte Shares thereunder shall be forfeited by the Grantee.

(d) Other Termination - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the date that is thirty (30) days after the Cessation Date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Twin Butte Share Award Agreements under which Twin Butte Share Awards have been made to such Grantee, whether Twin Butte Restricted Awards or Twin Butte Performance Awards, shall be terminated and all rights to receive Twin Butte Shares thereunder shall be forfeited by the Grantee.

(e) Non-Management Directors - If a Grantee who is a Non-Management Director ceases to be a Service Provider as a result of: (A) a voluntary resignation or voluntarily not standing for re-election as a director of Twin Butte, such events shall be treated as a voluntary resignation under (c) above; or (B) failing to be re-elected as a director of Twin Butte by the Shareholders, such event shall be treated as an other termination under (d) above.

Assignment

Except in the case of death, the right to receive Twin Butte Shares pursuant to a Twin Butte Share Award granted to a Service Provider may only be exercised by such Service Provider personally. Except as otherwise provided in the Twin Butte Share Award Incentive Plan, no assignment, sale, transfer, pledge or charge of a Twin Butte Share Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Twin Butte Share Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Twin Butte Share Award shall terminate and be of no further force or effect.

Amendment and Termination of Plan

The Twin Butte Share Award Incentive Plan and any Twin Butte Share Awards granted pursuant thereto may, subject to any required approval of the TSX, be amended, modified or terminated by the Twin Butte Board without the approval of Twin Butte Shareholders. Notwithstanding the foregoing, the Twin Butte Share Award Incentive Plan or any Twin Butte Share Award may not be amended without Twin Butte Shareholder approval to:

(a) increase the percentage of Twin Butte Shares reserved for issuance pursuant to Twin Butte Share Awards in excess of the 10% limit currently prescribed;

(b) extend the Issue Date of any Share Awards issued under the Twin Butte Share Award Incentive Plan beyond the latest Issue Date specified in the Twin Butte Share Award Agreement (other than as permitted by the terms and conditions of the Twin Butte Share Award Incentive Plan);

(c) permit a Grantee to transfer Twin Butte Share Awards to a new beneficial holder other than for estate settlement purposes;

(d) change the limitations on the granting of Twin Butte Share Awards described above under "*Limitations on Share Awards*"; and

(e) change the amending provision of the Twin Butte Share Award Incentive Plan.

In addition, no amendment to the Twin Butte Share Award Incentive Plan or any Twin Butte Share Awards granted pursuant thereto may be made without the consent of a Grantee if it adversely alters or impairs the rights of such Grantee in respect of any Twin Butte Share Award previously granted to such Grantee under the Twin Butte Share Award Incentive Plan.

Approval Requirements

The approval of the Twin Butte Share Award Incentive Plan must be confirmed by a simple majority of the votes cast by Twin Butte Shareholders voting in person or by proxy at the Twin Butte Meeting. **The Twin Butte Board recommends that Twin Butte Shareholders vote FOR the resolution approving the Twin Butte Share Award Incentive Plan**.

At the Twin Butte Meeting, the Twin Butte Shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution to approve, subject to completion of the Arrangement, the adoption of the Twin Butte Share Award Incentive Plan:

> "BE IT RESOLVED as an ordinary resolution of the holders of common shares of Twin Butte Energy Ltd. ("**Twin Butte**") that the Share Award Incentive Plan of Twin Butte, substantially as set out in Appendix K to the joint information circular of Twin Butte and Emerge Oil & Gas Inc. dated December 9, 2011, be and the same is hereby approved and authorized."

On any ballot that may be called for at the Twin Butte Meeting, the persons named in the enclosed instrument of proxy, if named as proxy, intend to vote for the Twin Butte Share Award Incentive Plan Resolution, unless a Twin Butte Shareholder has specified in its instrument of proxy that its Twin Butte Shares are to be voted against the Twin Butte Share Award Incentive Plan Resolution. If no choice is specified by a Twin Butte Shareholder to vote either for or against the Twin Butte Share Award Incentive Plan Resolution, the persons whose names are printed in the enclosed instrument of proxy intend to vote for the Twin Butte Share Award Incentive Plan Resolution.

THE ARRANGEMENT

Background to and Anticipated Benefits of the Arrangement

Background

Each of the Twin Butte Board and Emerge Board and senior management of each of Twin Butte and Emerge regularly consider and investigate opportunities to enhance value for their respective shareholders. Those opportunities have included the possibility of strategic transactions with various industry participants. The management and directors of each of Twin Butte and Emerge review and consider such proposals as they arise to determine whether pursuing them would be in the best interests of their respective shareholders.

In late December 2010 Emerge was contacted directly by an industry participant which expressed interest in entering into a business combination with Emerge. Emerge entered into a mutual confidentiality and standstill agreement with the industry participant and both parties subsequently conducted due diligence reviews and held meetings with respect to a proposed business combination. This process did not result in a proposal acceptable to the Emerge Board.

On February 28, 2011, Emerge formally retained Peters & Co. as its exclusive financial advisor, to assist in identifying and evaluating potential transactions and in the analysis and consideration of various financial and strategic alternatives including potential acquisitions or other potential business combinations. In the months that followed, Emerge, with the assistance of Peters & Co., had discussions with and conducted investigations of a number of exploration and development entities and potential acquisitions of other entities and assets, dispositions of assets by Emerge to other entities and the merger and/or sale of Emerge with or into other entities. This process did not result in a proposal acceptable to the Emerge Board.

On September 28, 2011 the Emerge Board was provided with an indicative offer from an industry participant to purchase all of the Emerge Shares. Mutual confidentiality agreements were subsequently entered into between the parties and thereafter the parties commenced preliminary reciprocal due diligence investigations. This process did not result in a proposal acceptable to the Emerge Board.

On October 11, 2011 the President and Chief Executive Officer of Emerge was contacted directly by the President and Chief Executive Officer of Twin Butte with a view to exploring a proposed business combination of Emerge and Twin Butte. On October 18, 2011 Emerge entered into a confidentiality agreement in favour of Twin Butte, which was substantially the same as the confidentiality agreement dated March 9, 2011 previously entered into by Twin Butte in favour of Emerge. On October 19, 2011 Emerge commenced its preliminary due diligence on Twin Butte. From October 19, 2011 to November 3, 2011 information was exchanged between Emerge and Twin Butte. On November 4, 2011 Twin Butte submitted a non-binding proposal in the form of a letter of intent which outlined the general terms for a proposed business combination between Emerge and Twin Butte. The Emerge Board met on November 5, 2011 to discuss the non-binding proposal from Twin Butte. Peters & Co. attended the Emerge Board meeting and provided the Emerge Board with an analysis of Twin Butte's non-binding proposal. At the Emerge Board meeting of November 5, 2011, Peters & Co. was authorized to contact Twin Butte and to convey the views of the Emerge Board on the terms and conditions upon which Emerge would be willing to proceed with a business combination with Twin Butte.

On November 6, 2011 and November 7, 2011 discussions continued between Peters & Co., on behalf of Emerge, and Twin Butte. On November 7, 2011 the Emerge Board determined to proceed with a proposed business combination with Twin Butte, by way of the Arrangement, whereunder each Emerge Shareholder would receive, for each Emerge Share held, 0.585 of a Twin Butte Share.

On November 8, 2011 legal counsel for each of Emerge and Twin Butte provided due diligence request lists to the other and the Parties continued to conduct due diligence reviews on, and to respond to due diligence inquiries with respect to, the other.

On November 13, 2011 the Emerge Board met to consider the results its further due diligence reviews, the specific transaction terms that had been negotiated with Twin Butte, the merits of entering into the Arrangement and the terms and conditions of the proposed Arrangement Agreement. During the November 13, 2011 Emerge Board meeting Peters & Co. delivered its independent oral opinion (subsequently delivered in writing) that, subject to review of final documentation, the consideration to be received by the Emerge Shareholders in connection with the Arrangement was fair, from a financial point of view, to the Emerge Shareholders. The written Peters & Co. Fairness Opinion is contained in Appendix E to this Information Circular. After extensive discussion and careful consideration of the proposed Arrangement, the Emerge Board approved the execution and delivery of the Arrangement Agreement as being in the best interests of Emerge and determined to recommend that the Emerge Shareholders vote in favour of the Arrangement.

The negotiation of the definitive terms and conditions of the Arrangement Agreement was completed in the late afternoon of November 13, 2011, at which time the Arrangement Agreement was executed and Emerge and Twin Butte issued a joint news release that evening announcing the Arrangement.

Anticipated Benefits of the Arrangement

The Arrangement will create a uniquely positioned intermediate-sized oil and gas company focusing on heavy oil opportunities in Alberta and Saskatchewan. Emerge and Twin Butte believe that the prospects for their respective shareholders are greater through the combination of their assets than either company could achieve on its own and that the Arrangement will create a company with critical mass and sufficient cash flow to provide a sustained monthly dividend to its shareholders. There is a risk that Twin Butte may not realize the anticipated benefits of the Arrangement. See "*The Arrangement – Risk Factors Related to the Arrangement*".

Emerge and Twin Butte believe that there are a number of benefits to their respective shareholders which are anticipated to result from the Arrangement and the transactions contemplated thereby, including:

- the Emerge Board has determined that the Arrangement is in the best interests of Emerge and it unanimously recommends that Emerge Shareholders vote **FOR** the Emerge Resolution;
- the Emerge Board received a fairness opinion from Peters & Co. to the effect that, as of November 13, 2011, and based upon and subject to the assumptions, limitations and qualifications set forth therein, the consideration to be received by Emerge Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Emerge Shareholders;
- all of the directors and officers of Emerge, representing approximately 11% of the outstanding Emerge Shares (on a non-diluted basis), have entered into the Emerge Support Agreements pursuant to which they have agreed, among other things, to vote their Emerge Shares in favour of the Emerge Resolution and to otherwise support the Arrangement;
- Emerge Shareholders have the ability to exercise Emerge Dissent Rights;
- the Arrangement requires approval by the Court;
- the Arrangement creates a well positioned intermediate sized oil and gas exploration and production company focusing on heavy oil opportunities in Alberta and Saskatchewan;
- Twin Butte and Emerge anticipate that the combination of the two companies will provide critical mass and sufficient cash flow to provide a sustainable monthly dividend to shareholders after completion of the Arrangement;
- the combined tax pools of Twin Butte and Emerge should permit the combined entity to pay monthly dividends without causing the entity to become cash taxable for several years;

- Twin Butte and Emerge have complementary assets and the consolidation of certain operating and administrative functions is anticipated to provide operating and cost efficiencies.

Support Agreements

Emerge Support Agreements

All of the directors and officers of Emerge have entered into Emerge Support Agreements, on terms similar to the Twin Butte Support Agreements, pursuant to which the Emerge Support Shareholders have agreed, among other things, to vote an aggregate of 9,821,000 Emerge Shares, representing approximately 11% of the outstanding Emerge Shares (on a non-diluted basis) in favour of the Emerge Resolution and to otherwise support the Arrangement, subject to the provisions of the Emerge Support Agreements.

Twin Butte Support Agreements

All of the directors and officers of Twin Butte have entered into Twin Butte Support Agreements, on terms similar to the Emerge Support Agreements, pursuant to which the Twin Butte Support Shareholders have agreed, among other things, to vote an aggregate of 5,724,510 Twin Butte Shares, representing approximately 4.2% of the outstanding Twin Butte Shares (on a non-diluted basis) in favour of the Twin Butte Resolution and to otherwise support the Arrangement, subject to the provisions of the Twin Butte Support Agreements.

Recommendations of the Emerge Board

The Emerge Board has concluded that the Arrangement is in the best interests of Emerge and unanimously recommends that the Emerge Shareholders vote **FOR** the Emerge Resolution.

In coming to that conclusion, the Emerge Board had:

(i) received advice as to its duties and responsibilities in connection with the consideration of the potential transaction with Twin Butte;

(ii) received presentations from Emerge management with respect to the properties, financial condition and prospects of Emerge;

(iii) received presentations from Emerge management with respect to the properties, financial condition and prospects of Twin Butte;

(iv) been kept up-to-date in respect of the negotiation of the potential transaction with Twin Butte;

(v) reviewed the principal terms of the Arrangement;

(vi) received and reviewed financial advice with respect to the financial condition and prospects of the merged vehicle assuming the Arrangement was completed and considered the anticipated benefits of the Arrangement including those outlined above under "Anticipated Benefits of the Arrangement" and the risks associated with the completion of the Arrangement;

(vii) reviewed the comparative opportunities of various financial and strategic alternatives including Emerge's prior discussions with respect to potential dispositions, acquisitions and other business combinations; and

(viii) received and considered the Peters & Co. Fairness Opinion that, as of November 13, 2011 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be received by the Emerge Shareholders under the Arrangement is fair, from a financial point of view, to the Emerge Shareholders.

The discussion of the information and factors considered and given weight to by the Emerge Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Emerge Resolution, the Emerge Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

Recommendations of the Twin Butte Board

The Twin Butte Board has concluded that the Arrangement is in the best interests of Twin Butte and unanimously recommends that the Twin Butte Shareholders vote **FOR** the Twin Butte Resolution.

In coming to that conclusion, the Twin Butte Board had:

(i) received advice as to its duties and responsibilities in connection with the consideration of the potential transaction with Emerge;

(ii) received presentations from Twin Butte management with respect to the properties, financial condition and prospects of Twin Butte;

(iii) received presentations from Twin Butte management with respect to the properties, financial condition and prospects of Emerge;

(iv) been kept up-to-date in respect of the negotiation of the potential transaction with Emerge;

(v) reviewed the principal terms of the Arrangement;

(vi) received and reviewed financial advice with respect to the financial condition and prospects of the merged vehicle assuming the Arrangement was completed and considered the anticipated benefits of the Arrangement including those outlined above under "Anticipated Benefits of the Arrangement" and the risks associated with the completion of the Arrangement; and

(vii) received and considered the GMP Fairness Opinion that, as of November 13, 2011 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders.

The discussion of the information and factors considered and given weight to by the Twin Butte Board is not intended to be exhaustive. In reaching the determination to approve and recommend the Twin Butte Resolution, the Twin Butte Board did not assign any relative or specific weight to the factors that were considered, and individual directors may have given a different weight to each factor.

Risk Factors Related to the Arrangement

Completion of the Arrangement is subject to certain risks. In addition to the risk factors described under the headings "*Risk Factors*" in each of the Emerge AIF and the Twin Butte AIF, which are specifically incorporated by reference into this Information Circular, the following are additional and supplemental risk factors which Emerge Shareholders should carefully consider before making a decision to approve the Emerge Resolution and which Twin Butte Shareholders should carefully consider before making a decision to approve the Twin Butte Resolution.

Emerge and Twin Butte may not satisfy all regulatory requirements or obtain the necessary approvals for completion of the Arrangement on satisfactory terms or at all

Completion of the Arrangement is subject to the approval of the Court and the satisfaction of certain regulatory requirements and the receipt of all necessary regulatory and Emerge Shareholder and Twin Butte Shareholder approvals and third-party consents. There can be no certainty, nor can either Party provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The requirement to take certain actions or to

agree to certain conditions to satisfy such requirements or obtain any such approvals may have a Material Adverse Effect on the business and affairs of Twin Butte or the trading price of the Twin Butte Shares, after completion of the Arrangement.

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a Material Adverse Change in Emerge or Twin Butte

Each of Emerge and Twin Butte has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either Party provide any assurance, that the Arrangement Agreement will not be terminated before the completion of the Arrangement. For example, a Party has the right, in certain circumstances, to terminate the Arrangement Agreement if a Material Adverse Change occurs with respect to the other Party. Although a Material Adverse Change excludes certain events that are beyond the control of the Parties, there is no assurance that a change constituting a Material Adverse Change in a Party will not occur before the Effective Date, in which case the other Party could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

The market price for the Emerge Shares and the Twin Butte Shares may decline

If the Emerge Resolution is not approved by the Emerge Shareholders or the Twin Butte Resolution is not approved by the Twin Butte Shareholders, the market price of the Emerge Shares and/or the Twin Butte Shares may decline to the extent that the current market price of the Emerge Shares and/or the Twin Butte Shares reflects a market assumption that the Arrangement will be completed. If the Emerge Resolution is not approved by the Emerge Shareholders or the Twin Butte Resolution is not approved by the Twin Butte Shareholders, as the case may be, and the Emerge Board or the Twin Butte Board, as the case may be, decides to seek another business combination, there can be no assurance that Emerge or Twin Butte, as the case may be, will be able to find a transaction as attractive to Emerge or Twin Butte, as the case may be, as the Arrangement.

There are risks related to the integration of Emerge's and Twin Butte's existing businesses

The ability to realize the benefits of the Arrangement including, among other things, those set forth in this Information Circular under "*The Arrangement – Background to and Anticipated Benefits of the Arrangement - Anticipated Benefits of the Arrangement*" above, will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Twin Butte's ability to realize the anticipated growth opportunities and synergies from integrating Emerge's and Twin Butte's businesses following completion of the Arrangement. This integration will require the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities available to Twin Butte following completion of the Arrangement, and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business and employee relationships that may adversely affect the ability of Twin Butte to achieve the anticipated benefits of the Arrangement.

Effect and Details of the Arrangement

General

Pursuant to the Arrangement all of the issued and outstanding Emerge Shares will be transferred to Twin Butte.

Commencing at the Effective Time, each of the events set out below will occur and will be deemed to occur in the following order without any further act or formality except as otherwise provided in the Plan of Arrangement:

(a) the Emerge Shares held by Dissenting Emerge Shareholders who have exercised Emerge Dissent Rights which remain valid immediately prior to the Effective Time will, as of the Effective Time, be deemed to have been transferred to Twin Butte, and as of the Effective Time, any such Dissenting Emerge Shareholders shall cease to have any rights as Emerge Shareholders, other than

the right to be paid the fair value of their Emerge Shares in accordance with the Emerge Dissent Rights; and

(b) all Emerge Shares (other than such Emerge Shares held by Twin Butte, if any), will be transferred to Twin Butte (free and clear of any and all liens, claims and encumbrances), and each Emerge Shareholder will be entitled to receive from Twin Butte 0.585 of a Twin Butte Share for each Emerge Share held.

Assuming that there are no Dissenting Emerge Shareholders and all 2,286,667 "in the money" Emerge Options (based on a deemed transaction value of $1.15 per Emerge Share) are surrendered for cash prior to the Effective Time, it is anticipated that Twin Butte, to effect the Arrangement, will be required to issue an aggregate of 54,138,879 Twin Butte Shares in exchange for all of the outstanding Emerge Shares (which assumes all "in the money" Emerge Options are surrendered for an "in the money" cash payment for such Emerge Options). If the Arrangement is completed as contemplated, it is expected that former Emerge Shareholders will own approximately 29% of the outstanding Twin Butte Shares subsequent to the Arrangement.

No fractional Twin Butte Shares will be issued pursuant to the Plan of Arrangement. In lieu of any fractional Twin Butte Share, each previous Emerge Shareholder otherwise entitled to a fractional interest in a Twin Butte Share will receive the nearest whole number of Twin Butte Shares (with fractions equal to exactly 0.5 being rounded up).

Effect on Emerge Shares

Pursuant to the Arrangement all Emerge Shares will be transferred to Twin Butte in exchange for 0.585 of a Twin Butte Share for each Emerge Share.

Effect on Emerge Options

As a result of the execution of the Arrangement Agreement, all outstanding Emerge Options have conditionally fully vested. As at the date hereof, an aggregate of 7,432,334 Emerge Options are outstanding, of which 2,286,667 Emerge Options are expected to be "in the money" based on a deemed transaction value of $1.15 per Emerge Share.

Agreements are expected to be entered into between Emerge and each of the Emerge Optionholders whereby each Emerge Optionholder will agree to: (a) surrender for cancellation, immediately prior to the Effective Time, all "in the money" Emerge Options held by such Emerge Optionholder for a cash payment by Emerge equal to the "in the money" amount (which "in the money" amount shall be calculated by subtracting from the product of the 5 day volume weighted average trading price of the Twin Butte Shares on the TSX ending on the third Business Day immediately prior to the Effective Date multiplied by 0.585, the exercise price of such Emerge Options) and a portion of such cash payment will be withheld by Emerge and remitted directly to the Canada Revenue Agency on account of withholding taxes; and (b) surrender for cancellation all Emerge Options held by such Emerge Optionholder not exercised or surrendered pursuant to subparagraph (a) above, immediately prior to the Effective Time, in consideration of the payment by Emerge to such Emerge Optionholder of $0.001 per Emerge Option.

Procedural Steps

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

(a) the Arrangement must be approved by the Emerge Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement (including receipt of Twin Butte Shareholders' approval of the Twin Butte Resolution), as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate Party;

(d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar; and

(e) all required regulatory approvals in respect of the completion of the Arrangement must be obtained.

Shareholder Approval

Pursuant to the terms of the Interim Order, the Emerge Resolution must, subject to further orders of the Court, be approved:

(a) by not less than 66⅔% of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting; and

(b) by a simple majority of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting, after excluding the votes required by MI 61-101.

Notwithstanding the foregoing, the Emerge Resolution authorizes the Emerge Board, without further notice to or approval of the Emerge Shareholders and subject to the terms of the Arrangement Agreement, to amend the Plan of Arrangement or to decide not to proceed with the Arrangement at any time prior to the Effective Time. See Appendix A-1 to this Information Circular for the full text of the Emerge Resolution.

The TSX requires shareholder approval in circumstances where an issuance of securities will result in the issuance of 25% or more of the issuer's outstanding securities, on a non-diluted basis, in connection with an acquisition. Twin Butte expects to issue 54,138,879 Twin Butte Shares in exchange for all of the outstanding Emerge Shares (which assumes all "in the money" Emerge Options are surrendered for an "in the money" cash payment for such Emerge Options) representing approximately 40% of the presently outstanding Twin Butte Shares, on a non-diluted basis. As such, the Twin Butte Resolution must be approved at the Twin Butte Meeting. The number of votes required to pass the Twin Butte Resolution is a majority of the votes cast by Twin Butte Shareholders, present in person or by proxy, at the Twin Butte Meeting.

See Appendix A-2 to this Information Circular for the full text of the Twin Butte Resolution. See also "*The Arrangement – Shareholder Approval*".

Court Approval

On December 6, 2011, Emerge obtained the Interim Order providing for the calling and holding of the Emerge Meeting and other procedural matters. A copy of the Interim Order is attached as Appendix B to this Information Circular.

Subject to the terms of the Arrangement Agreement, if the Emerge Resolution is approved at the Emerge Meeting and the Twin Butte Resolution is approved at the Twin Butte Meeting, Emerge will make application to the Court for the Final Order at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta, Canada on January 9, 2012 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Originating Application for the Final Order accompanies this Information Circular as Appendix C. Any Emerge Shareholder, or any other interested party desiring to appear at the hearing, is required to file with the Court and serve upon Emerge, on or before 10:00 a.m. (Calgary time) on January 5, 2012, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court. Service on Emerge is to be effected by delivery to the counsel for Emerge, Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, Alberta T2P 0R3, Attention: William Guinan. **Emerge Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

The Parties have been advised by their respective counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order,

will consider, among other things, the fairness of the Arrangement to the Emerge Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Emerge or Twin Butte may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it, acting reasonably.

The Twin Butte Shares issuable to Emerge Shareholders in exchange for their Emerge Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. The Final Order is required for the Arrangement to become effective and the Court has been advised that if the terms and conditions of the Arrangement are approved by the Court pursuant to the Final Order, the issuance of the Twin Butte Shares issuable to the Emerge Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof.

Regulatory Approvals

It is a condition to the completion of the Arrangement that all necessary regulatory approvals shall have been completed or obtained.

Competition Act Approval

The Arrangement is a "notifiable transaction" for the purposes of Part IX of the Competition Act. When a transaction is a notifiable transaction under the Competition Act, certain prescribed information must be provided to the Commissioner under Part IX of the Competition Act and the transaction may not be completed until the expiry, waiver or termination of the applicable waiting period. Where a notification is made, the waiting period is 30 calendar days after the day on which the parties to the transaction submit the prescribed information, provided that, before the expiry of this period, the Commissioner has not notified the parties that she requires additional information that is relevant to the Commissioner's assessment of the transaction (a "**Supplementary Information Request**"). If the Commissioner provides the parties with a Supplementary Information Request, the parties cannot complete their transaction until 30 calendar days after compliance with such Supplementary Information Request, provided that there is no order in effect prohibiting completion at the relevant time.

Where a transaction does not raise substantive issues under the Competition Act, the Commissioner may, upon application, issue an advance ruling certificate ("**ARC**") under Section 102 of the Competition Act. Where an ARC is issued, the parties to the transaction are not required to file a pre-merger notification. Further, if the notifiable transaction to which the ARC relates is substantially completed within one year after the ARC is issued, the Commissioner cannot seek an order of the Competition Tribunal under the merger provisions in Section 92 of the Competition Act in respect of the notifiable transaction solely on the basis of information that is the same or substantially the same as the information on the basis on which the ARC was issued.

Under the Competition Act, the Commissioner may decide to challenge the transaction or prevent its closing if the Commissioner is of the view that the transaction lessens or prevents or is likely to prevent or lessen competition substantially.

Completion of the Arrangement is subject to the condition that each of Emerge and Twin Butte shall have obtained all consents, approvals and authorizations, including those required pursuant to the Competition Act, required or necessary to be obtained by it in connection with the transactions contemplated by the Arrangement Agreement on terms and conditions reasonably satisfactory to the other Party.

Twin Butte and Emerge have requested that the Commissioner issue an ARC under Section 102 of the Competition Act.

Other than as described above, there are no material filings, consents or approvals required to be made with, applicable to, or required to be received from any Governmental Authority or other regulatory body in connection with the Arrangement, other than approval from the TSX and the Final Order.

Timing

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate Party, the Arrangement will become effective upon the Effective Date. If the Emerge Resolution is approved at the Emerge Meeting as required by the Interim Order and the Twin Butte Resolution is approved at the Twin Butte Meeting, Emerge will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on or about January 9, 2012, in form and substance satisfactory to the Parties and all other conditions specified in the Arrangement Agreement are satisfied or waived, the Parties expect the Effective Date will be on or about January 9, 2012. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order. It is a condition to the completion of the Arrangement that the Arrangement shall have become effective on or prior to February 15, 2012 unless otherwise agreed to by Twin Butte and Emerge.

For full particulars in respect of all of the events which will occur pursuant to the Plan of Arrangement, see the full text of the Plan of Arrangement which is attached as Exhibit 1 to Appendix D to this Information Circular.

The Arrangement Agreement

The Arrangement Agreement provides for the implementation of the Plan of Arrangement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Emerge and Twin Butte and various conditions precedent, both mutual and with respect to each Party. The following is a summary of certain material provisions of the Arrangement Agreement and is not comprehensive but is qualified in its entirety by reference to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix D and Exhibit 1 to Appendix D, respectively, to this Information Circular. Twin Butte Shareholders and Emerge Shareholders are encouraged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

The Arrangement Agreement provides that Twin Butte will acquire all of the outstanding Emerge Shares by way of a plan of arrangement under Section 193 of the ABCA pursuant to which, on the Effective Date, on the terms and subject to the conditions contained in the Plan of Arrangement, each Emerge Shareholder (other than a Dissenting Emerge Shareholder) will receive 0.585 of a Twin Butte Share for each Emerge Share held.

Mutual Covenants Regarding the Arrangement

Twin Butte and Emerge has each given, in favour of the other Party, usual and customary mutual covenants for an agreement of this nature including mutual covenants to conduct their respective businesses in the usual and ordinary course and consistent with past practices, to use their respective commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to their respective obligations under the Arrangement Agreement to the extent they are within such Party's control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement.

Emerge Covenants Regarding Non-Solicitation and Right to Match

Emerge has agreed with Twin Butte that:

(a) it shall immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of its officers, directors, employees, advisors, representatives and agents (collectively, the "**Representatives**"), if any, with any third parties initiated before the date of the Arrangement Agreement with respect to any Acquisition Proposal and shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with Emerge relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured;

(b) it shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

(i) solicit, assist, facilitate, initiate, encourage or take any action to solicit, assist, facilitate, initiate, entertain or encourage any inquiries or communication regarding or the making of any proposal or offer that constitutes, may constitute, or may reasonably be expected to lead to, an Acquisition Proposal, including, without limitation, by way of furnishing information;

(ii) enter into or participate in any negotiations or initiate any discussion regarding an Acquisition Proposal, or furnish to any other person any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with, or furtherance of, an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

(iii) release, waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear in respect of, any rights or other benefits under any confidentiality agreements, including, without limitation, any "standstill provisions" thereunder; or

(iv) accept, recommend, approve or propose to accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal,

provided, however, that notwithstanding any other provision of the Arrangement Agreement, Emerge and its Representatives may:

(i) enter into or participate in any discussions or negotiations with a third party who without any solicitation, initiation or encouragement, directly or indirectly, after the date of the Arrangement Agreement, by Emerge or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement substantially similar to the confidentiality agreement entered into between Emerge and Twin Butte (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to Twin Butte as set out below), may furnish to such third party information concerning Emerge and its business, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made a written bona fide Acquisition Proposal and the Emerge Board determines in good faith to be a Superior Proposal; and

(B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, Emerge provides prompt notice to Twin Butte to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality and standstill agreement referenced above and if not previously provided to Twin Butte, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that Emerge shall notify Twin Butte orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a summary of the details of such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to Twin Butte, copies of all information provided to such party and all other information reasonably requested by Twin Butte), immediately and in no event later than 24 hours of the receipt thereof, shall keep Twin Butte informed of the status and details of any such inquiry, offer or proposal and answer Twin Butte's questions with respect thereto;

(ii) comply with Division 3 of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(iii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the Emerge Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of the Arrangement Agreement and after receiving the advice of outside counsel as reflected in minutes of the Emerge Board, that the taking of such action is necessary for the Emerge Board in discharge of its fiduciary duties under Applicable Laws and Emerge complies with its obligations set forth in Section 3.4(a) of the Arrangement Agreement and terminates the Arrangement Agreement in accordance with Section 8.1 (e) of the Arrangement Agreement and concurrently therewith pays the amount required by Section 6.1 of the Arrangement Agreement.

(c) In the event that Emerge is in receipt of a Superior Proposal, it shall give Twin Butte, orally and in writing, at least three (3) Business Days advance notice of any decision by the Emerge Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that the Emerge Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. During such three (3) Business Day period, Emerge agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall prevent the party making the Superior Proposal from making any Acquisition Proposal to the Emerge Board that is not solicited, initiated, encouraged or knowingly facilitated by Emerge) and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three (3) Business Day period, Emerge shall, and shall cause its financial and legal advisors to, negotiate in good faith with Twin Butte and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement as would enable Emerge to proceed with the Arrangement as amended rather than the Superior Proposal. In the event Twin Butte proposes to amend the Arrangement Agreement to provide that the Emerge Shareholders shall receive a value per Emerge Share equal to or having a value greater than the value per Emerge Share provided in the Superior Proposal and so advises the Emerge Board prior to the expiry of such three (3) Business Day period, the Emerge Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall prevent the party making the Superior Proposal from making any Acquisition Proposal to the Emerge Board that is not solicited, initiated, encouraged or knowingly facilitated by Emerge) and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, Twin Butte shall have no obligation to make or negotiate any changes to the Arrangement Agreement in the event that Emerge is in receipt of a Superior Proposal.

(d) Twin Butte agrees that all information that may be provided to it by Emerge with respect to any Superior Proposal pursuant to Section 3.4 of the Arrangement Agreement shall be treated as if it were "Confidential Information" as that term is defined in the confidentiality agreement entered into between Emerge and Twin Butte and shall not be disclosed or used except in accordance with the provisions of the confidentiality agreement entered into between Emerge and Twin Butte or in order to enforce its rights under the Arrangement Agreement in legal proceedings.

(e) If required by Twin Butte, Emerge shall, subsequent to the three (3) Business Day notice period contemplated by Section 3.4(c) of the Arrangement Agreement reaffirm its recommendation of the Arrangement by press release promptly in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered

into an amended agreement pursuant to Section 3.4(c) which results in any Acquisition Proposal not being a Superior Proposal.

(f) Emerge shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions Section 3.4 of the Arrangement Agreement. Emerge shall be responsible for any breach of this Section 3.4 of the Arrangement Agreement by its officers, directors, employees, investment bankers, advisers or representatives.

Representations and Warranties

Each of Twin Butte and Emerge made certain customary representations and warranties related to (i) its due organization and qualification to carry on business; (ii) its authority to enter into the Arrangement Agreement and carry out its obligations thereunder; (iii) the due execution and delivery of the Arrangement Agreement; (iv) that neither the consummation by it of the transactions contemplated thereby nor compliance by it with the provisions of the Arrangement Agreement will, among other things, violate, conflict with or result in a breach of any provisions of, require any consent, approval or notice under or constitute a default or result in a right of termination or acceleration under or result in a creation of any lien, security interest, charge or encumbrance upon the properties or assets of it under any of the terms, conditions or provisions of its organizational documents, instruments or obligations to which it is a party or by which its properties or assets may be subject or by which it is bound unless otherwise disclosed to the other Party or violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to it. In addition, Twin Butte and Emerge has each made certain representations and warranties particular to such Party. The representations and warranties are, in some cases, subject to specified exceptions and qualifications.

Conditions of Closing

Mutual Conditions

The Arrangement Agreement provides that the respective obligations of Twin Butte and Emerge to complete the Arrangement are subject to the satisfaction of the following conditions on or before the Effective Date or such other time as specified below:

(a) the Interim Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;

(b) the Emerge Resolution shall have been passed by the Emerge Shareholders in form and substance satisfactory to each of the Parties, acting reasonably;

(c) the Twin Butte Shareholders shall have passed the Twin Butte Resolution in the manner required by the TSX;

(d) the Final Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;

(e) the Effective Date shall have occurred on or before February 15, 2012;

(f) all required regulatory, governmental and third party approvals and consents necessary for the completion of the Arrangement shall have been obtained on terms and conditions satisfactory to the Parties, each acting reasonably;

(g) without limitation of Section 5.1(f) of the Arrangement Agreement, the requisite approval under the Competition Act Approval shall have been obtained;

(h) the TSX shall have approved, subject only to customary conditions, the issuance of all of the Twin Butte Shares issuable pursuant to the Arrangement on terms and conditions satisfactory to the Parties, each acting reasonably; and

(i) no action shall have been taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or Governmental Authority or similar agency, domestic or foreign, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated by the Arrangement Agreement; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by the Arrangement Agreement.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances and may be waived by either Party (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which such Party may have.

Additional Conditions in Favour of Twin Butte

The obligation of Twin Butte to complete the transactions contemplated by the Arrangement Agreement is subject to the satisfaction of the following conditions on or before the Effective Date or such other time as specified below:

(a) the representations and warranties made by Emerge in the Arrangement Agreement shall be true and correct in all material respects (except for representations and warranties containing qualifiers as to materiality, which shall be true and correct) as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true and correct as of that date) and Emerge shall have provided to Twin Butte a certificate of two senior officers of Emerge satisfactory to Twin Butte, acting reasonably, certifying as to such matters on behalf of Emerge on the Effective Date;

(b) Emerge shall have complied in all material respects with its covenants in the Arrangement Agreement and Emerge shall have provided to Twin Butte a certificate of two senior officers of Emerge satisfactory to Twin Butte, acting reasonably, certifying, on behalf of Emerge, as to such compliance and Twin Butte shall have no actual knowledge to the contrary;

(c) Emerge shall have furnished Twin Butte with:

(i) certified copies of the resolutions duly passed by the Emerge Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and

(ii) certified copies of the Arrangement Resolution;

(d) no Material Adverse Change respecting Emerge shall have occurred;

(e) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Emerge before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Twin Butte, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change respecting Emerge or would materially impede the ability of the Parties to complete the Arrangement;

(f) at the time of the closing of the Arrangement, each of the directors and officers of Emerge shall have provided their resignations and such officers shall have delivered releases in favour of Emerge, and Emerge shall have delivered releases in favour of each of the directors and officers of Emerge, all in form and substance satisfactory to Twin Butte, Emerge and such persons, acting reasonably;

(g) Twin Butte shall be reasonably satisfied that, prior to the Effective Date, all of the outstanding Emerge Options shall have been exercised or, surrendered for a cash payment equal to the "in-the-money" amount determined in accordance with Section 2.7 of the Arrangement Agreement, and all holders of such Emerge Options shall have paid any withholding taxes applicable on such exercise or, failing that, cancelled for nominal consideration;

(h) Twin Butte shall be reasonably satisfied that Emerge's average net production (being for these purposes working interest corporate sales production) for the month of November 2011 was not less than 5,700 boe/d (for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes);

(i) Twin Butte shall be reasonably satisfied that as of December 31, 2011, Emerge's Net Debt did not exceed $59.0 million, provided that for these purposes "**Emerge's Net Debt**" means long-term debt and current liabilities, less current assets, including, working capital deficiency and cash taxes payable, but excluding the current portion of derivative assets and liabilities;

(j) the obligations of Emerge under all employment or consulting services agreements, severance or retention obligations, plans or policies, termination or bonus payments or any other payments related to any Emerge incentive plan, arising out of or in connection with the Arrangement shall not exceed $1.8 million in the aggregate, and Emerge shall have provided to Twin Butte a certificate of two senior officers certifying, on behalf of Emerge, the amount of such transaction costs and Emerge's compliance with such condition precedent;

(k) all fees, costs and expenses incurred by Emerge in connection with the Arrangement Agreement and the transactions contemplated thereby, including without limitation all financial advisory fees (including the cost of the Peters & Co. Fairness Opinion) and expenses, costs and expenses incurred in connection with the legal and other professional fees and disbursements but excluding the amounts referred to in Section 5.1(j) of the Arrangement Agreement, shall not exceed $1.8 million in the aggregate, and Emerge shall have provided to Twin Butte a certificate of two senior officers certifying, on behalf of Emerge, the amount of such transaction costs and Emerge's compliance with such condition precedent;

(l) Twin Butte shall be satisfied, acting reasonably, that the issuance of the Twin Butte Shares issuable to Emerge Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, in reliance on Section 3(a)(10) of the U.S. Securities Act, or any state securities laws;

(m) Twin Butte shall have received a copy of the consent of the lenders under the Emerge's credit facility to the Arrangement and the consummation thereof on a basis acceptable to Twin Butte, acting reasonably;

(n) Twin Butte shall be satisfied that Emerge's credit facility shall remain in effect at existing terms until February 28, 2012;

(o) Twin Butte shall be satisfied that no material rights of first refusal on Emerge's lands are triggered as a result of the transactions contemplated by the Arrangement Agreement; and

(p) holders of not more than 5% of the issued and outstanding Emerge Shares shall have exercised rights of dissent in relation to the Arrangement.

The foregoing conditions are for the exclusive benefit of Twin Butte and may be asserted by Twin Butte regardless of the circumstances or may be waived by Twin Butte in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Twin Butte may have.

Additional Conditions in Favour of Emerge

The obligation of Emerge to complete the transactions contemplated hereby is subject to the satisfaction of the following conditions on or before the Effective Date or such other time as specified below:

(a) the representations and warranties made by Twin Butte in the Arrangement Agreement shall be true and correct in all material respects (except for representations and warranties containing qualifiers as to materiality, which shall be true and correct) as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true and correct as of that date) and Twin Butte shall have provided to Emerge a certificate of two senior officers of Twin Butte satisfactory to Emerge, acting reasonably, certifying as to such matters on behalf of Twin Butte on the Effective Date;

(b) Twin Butte shall have complied in all material respects with its covenants in the Arrangement Agreement and shall have provided to Emerge a certificate of two senior officers of Twin Butte satisfactory to Emerge, acting reasonably, certifying, on behalf of Twin Butte, as to such compliance and Emerge shall have no actual knowledge to the contrary;

(c) Twin Butte shall have furnished Emerge with:

(i) certified copies of the resolutions duly passed by the Twin Butte Board approving the Arrangement Agreement and the consummation of the transactions contemplated by the Arrangement Agreement; and

(ii) certified copies of the Twin Butte Resolution;

(d) no Material Adverse Change respecting Twin Butte shall have occurred;

(e) no act, action, suit, proceeding, objection or opposition shall have been threatened against or affecting Twin Butte before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Emerge, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Change respecting Twin Butte or would materially impede the ability of the Parties to complete the Arrangement;

(f) Emerge shall be reasonably satisfied that Twin Butte's average net production (being for these purposes working interest corporate sales production) for the month of November 2011 was not less than 7,650 boe/d (for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes);

(g) Emerge shall be reasonably satisfied that as of December 31, 2011, Twin Butte's Net Debt did not exceed $83.0 million, provided that for these purposes "**Twin Butte's Net Debt**" means long-term debt and current liabilities, less current assets, including working capital deficiency and cash taxes payable, but excluding the current portion of derivative assets and liabilities;

(h) Emerge shall be reasonably satisfied that Twin Butte shall have adopted a policy to pay dividends subject to the completion of the Arrangement; and

(i) Emerge shall be reasonably satisfied that an additional director nominated by Emerge shall be appointed to the Twin Butte Board with effect as and from the Effective Time, which director will be the current President and Chief Executive Officer of Emerge.

The foregoing conditions are for the exclusive benefit of Emerge and may be asserted by Emerge regardless of the circumstances or may be waived by Emerge in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Emerge may have.

Termination of the Arrangement Agreement

Termination by Mutual Agreement or Non-Satisfaction of Conditions

The Arrangement Agreement may, prior to the filing of the Articles of Arrangement, be terminated:

(a) by mutual written consent of the Parties;

(b) by either Party as provided in Section 5.4 (b) of the Arrangement Agreement, provided that the failure to satisfy the particular condition precedent being relied upon did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;

(c) by Twin Butte upon the occurrence of a Twin Butte Damages Event as provided in Section 6.1 of the Arrangement Agreement;

(d) by Emerge upon the occurrence of an Emerge Damages Event as provided in Section 6.2 of the Arrangement Agreement;

(e) by Emerge upon the occurrence of a Twin Butte Damages Event and the payment by Emerge to Twin Butte of the amount required by Section 6.1 of the Arrangement Agreement, provided that Emerge has complied with its obligations set forth in Section 3.4 of the Arrangement Agreement; or

(f) by Twin Butte upon the occurrence of an Emerge Damages Event and the payment by Twin Butte to Emerge of the amount required by Section 6.2. of the Arrangement Agreement

In the event of the termination of the Arrangement Agreement in the circumstances set out the Arrangement Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other hereunder except with respect to the obligations set forth in or as otherwise specified in Article 6 of the Arrangement Agreement and each Party's obligations under applicable confidentiality agreements entered into between Twin Butte and Emerge, which shall survive such termination.

Termination Fees

Twin Butte Damages

If at any time after the execution of the Arrangement Agreement:

(a) the Emerge Board (A) fails to make any of the recommendations or determinations referred to in Section 2.5 of the Arrangement Agreement in a manner adverse to Twin Butte; (B) withdraws, modifies or changes any of the recommendations or determinations referred to in Section 2.5 of the Arrangement Agreement in a manner adverse to Twin Butte; (C) fails to publicly reaffirm any of its recommendations or determinations referred to in Section 2.5 of the Arrangement Agreement in accordance with Section 3.4(e) of the Arrangement Agreement or within three (3) Business Days of any written request to do so by Twin Butte (or, in the event that the Emerge Meeting to approve the Arrangement is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting); or (D) resolves to do any of the foregoing;

(b) a bona fide Acquisition Proposal (or a bona fide intention to make one) is announced, proposed, offered or made to Emerge or the Emerge Shareholders prior to the date of the Emerge Meeting and remains outstanding at the time of the Emerge Meeting and the Emerge Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval and such Acquisition Proposal, as

originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to Emerge or the Emerge Shareholders prior to the expiry of the first Acquisition Proposal) is completed within twelve months of the date such Acquisition Proposal is announced, proposed, offered or made;

(c) a bona fide Acquisition Proposal (or a bona fide intention to make one) is announced, proposed, offered or made to Emerge or the Emerge Shareholders and the Emerge Board fails to reaffirm and maintain its recommendation of the Arrangement within 10 days of such announcement, proposal or offer;

(d) Emerge accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;

(e) the Emerge Board recommends that the Emerge Shareholders deposit their shares under, vote in favour of, or otherwise accept an Acquisition Proposal;

(f) Emerge is in material non-compliance with any of its covenants or agreements in Section 3.4 of the Arrangement Agreement; or

(g) Emerge breaches any of its representations, warranties or covenants (other than a covenant in Section 3.4 of the Arrangement Agreement) made in the Arrangement Agreement, which breach, individually or in the aggregate, causes or would reasonably be expected to cause a Material Adverse Change respecting Emerge or materially impedes the completion of the Arrangement, provided that Emerge shall have been given written notice of and five Business Days to cure any such breach by Twin Butte and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond February 15, 2012);

(each of the above being a "**Twin Butte Damages Event**"), then in the event of the termination of the Arrangement Agreement pursuant to subsections 8.1(c) or 8.1(e) of the Arrangement Agreement and provided that no event in the nature set out in Section 6.2 of the Arrangement Agreement has occurred, Emerge shall pay to Twin Butte: (i) $3,500,000 in the case of the events in Sections 6.1(a), 6.1(b), 6.1(c), 6.1(d), 6.1(e) or 6.1(f), of the Arrangement Agreement and (ii) $700,000 in the case of the events in Sections 6.1(g) of the Arrangement Agreement, as liquidated damages in immediately available funds to an account designated by Twin Butte within one Business Day after the first to occur of the events described above, and after such event, but prior to payment of such amount, Emerge shall be deemed to hold such funds in trust for Twin Butte. Emerge shall only be obligated to pay a maximum of $3,500,000 pursuant to Section 6.1 of the Arrangement Agreement.

Emerge Damages

If at any time after the execution of the Arrangement Agreement:

(h) the Twin Butte Board (A) fails to recommend that holders of Twin Butte Shares vote in favour of the Twin Butte Resolution; (B) withdraws, modifies or changes any of the recommendations or determinations referred to in Section 3.1(i) of the Arrangement Agreement in a manner adverse to Emerge; or (C) resolves to do any of the foregoing; or

(i) Twin Butte breaches any of its representations, warranties or covenants made in the Arrangement Agreement, which breach, individually or in the aggregate, causes or would reasonably be expected to cause a Material Adverse Change respecting Twin Butte or materially impedes the completion of the Arrangement, provided that Twin Butte shall have been given written notice of and five Business Days to cure any such breach by Emerge and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond February 15, 2012);

(each of the above being a "**Emerge Damages Event**"), then in the event of the termination of the Arrangement Agreement pursuant to subsection 8.1(d) or 8.1(f) of the Arrangement Agreement and provided that no event in the nature of Section 6.1 of the Arrangement Agreement has occurred, Twin Butte shall pay to Emerge: (i) $3,500,000

in the case of the events in Section 6.2(a) of the Arrangement Agreement, and (ii) $700,000 in the case of the events in Sections 6.2(b) of the Arrangement Agreement, as liquidated damages in immediately available funds to an account designated by Emerge. Such payment shall be made within one Business Day of the occurrence of the Emerge Damages Event and after such event, but prior to payment of such amount, Twin Butte shall be deemed to hold such funds in trust for Emerge. Twin Butte shall only be obligated to pay a maximum of $3,500,000 pursuant to Section 6.2 of the Arrangement Agreement.

Liquidated Damages

Each of the Parties acknowledged in the Arrangement Agreement that the payments of the amounts provided for in Sections 6.1 and 6.2 of the Arrangement Agreement on the occurrence of a Twin Butte Damages Event or an Emerge Damages Event, as the case may be, is a payment of liquidated damages which is a genuine pre-estimate of the damages which the Parties, as applicable, shall suffer or incur as a result of the events giving rise to such damages and resultant termination of the Arrangement Agreement and is not a penalty. For greater certainty, the Parties agreed in the Arrangement Agreement that the payment of such amounts is the sole monetary remedy of the Parties, as applicable, in respect of the event giving rise to such payment.

Shareholder Approval

Emerge Shareholder Approval

Pursuant to the terms of the Interim Order, the Emerge Resolution must, subject to further orders of the Court, be approved by:

(a) not less than 66⅔% of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting; and

(b) a simple majority of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting, after excluding the votes required by MI 61-101.

Notwithstanding the foregoing, the Emerge Resolution authorizes the Emerge Board, without further notice to or approval of the Emerge Shareholders, subject to the terms of the Plan of Arrangement and the Arrangement Agreement, to amend the Plan of Arrangement or the Arrangement Agreement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA.

See Appendix A-1 to this Information Circular for the full text of the Emerge Resolution. See also "*General Proxy Matters – Emerge*".

Twin Butte Shareholder Approval

It is a condition to Emerge's obligation to complete the Arrangement that the Twin Butte Resolution be approved at the Twin Butte Meeting. The number of votes required to pass the Twin Butte Resolution will be a majority of the votes cast by the Twin Butte Shareholders, present in person or by proxy, at the Twin Butte Meeting. See Appendix A-2 to this Information Circular for the full text of the Twin Butte Resolution. See also "*General Proxy Matters – Twin Butte*".

Minority Approval

Emerge is a reporting issuer in the province of Ontario (among others) and accordingly is subject to MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" which may terminate the interests of security holders without their consent.

The Arrangement constitutes a "business combination" for purposes of MI 61-101 and consequently MI 61-101 requires that the Arrangement be approved by a majority of the Emerge Shareholders, excluding "interested parties" and their "related parties" and joint actors who receive a "collateral benefit". Interested parties include directors, senior officers and control persons of an issuer.

Accordingly, Emerge Shares held by a director or senior officer of Emerge who receives a "collateral benefit" must be excluded from the minority approval of the Emerge Resolution required by MI 61-101. However, MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with such party's services as an employee, director or consultant under certain circumstances, including that the full particulars of the benefits are disclosed in the disclosure document for the Arrangement and at the time the Arrangement is agreed to, such party and its associated entities (as defined in MI 61-101) beneficially own, or exercises control or direction over, less than 1% of the outstanding equity securities (being, in the case of Emerge, the Emerge Shares).

In connection with the Arrangement, Thomas Greschner, Brent Lacey, Preston Kraft, Claude Gamache and Anita Tonn shall receive the termination payments more particularly described under the heading "*The Arrangement — Interests of Certain Persons or Companies in the Arrangement — Change of Control Provisions*", are entitled to exercise "in the money" Emerge Options for Emerge Shares or surrender such Emerge Options for a cash payment equal to their "in the money" value, and each director and officer of Emerge shall receive a payment of $0.001 per "out of the money" Emerge Option in consideration for the termination of such options as more particularly described under the heading "*The Arrangement — Interests of Certain Persons or Companies in the Arrangement — Emerge Options*". Furthermore, as a result of the execution of the Arrangement Agreement, all outstanding Emerge Options, including the Emerge Options held by the above noted persons, have conditionally fully vested. Each of these individuals other than Thomas Greschner and Brent Lacey owns, or exercises control or direction over, less than 1% of the outstanding Emerge Shares. Accordingly, such individuals, other than Thomas Greschner and Brent Lacey, will not be considered to have received a "collateral benefit" under MI 61-101 as a result of receipt of the foregoing and, as a result, Emerge Shares held by them may be counted in determining the minority approval of the Arrangement.

Accordingly, in addition to obtaining approval from 66⅔% of all Emerge Shareholders for the Arrangement to proceed, the Emerge Resolution must also be approved by a majority of the votes cast in respect of the Emerge Shares present in person or by proxy, after excluding an aggregate of 7,453,500 Emerge Shares beneficially owned or controlled by Thomas Greschner and Brent Lacey.

Court Approvals

Interim Order

On December 6, 2011, the Court granted the Interim Order facilitating the calling of the Emerge Meeting and prescribing the conduct of the Emerge Meeting and other matters. A copy of the Interim Order is attached as Appendix B to this Information Circular.

Final Order

Subject to the terms of the Arrangement Agreement, if the Emerge Resolution is approved at the Emerge Meeting and the Twin Butte Resolution is approved at the Twin Butte Meeting, Emerge will make application to the Court for the Final Order at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta, Canada on January 9, 2012 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Originating Application for the Final Order accompanies this Information Circular. Any Emerge Shareholder, or any other interested party desiring to appear at the hearing, is required to file with the Court and serve upon Emerge, on or before 10:00 a.m. (Calgary time) on January 5, 2012, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a facsimile number for service by facsimile), together with any evidence or materials which are to be presented to the Court. Service on Emerge is to be effected by delivery to the counsel for Emerge, Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, Alberta T2P 0R3, Attention: William Guinan. **Emerge Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.**

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

The Twin Butte Shares issuable to Emerge Shareholders in exchange for their Emerge Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from registration requirement of the U.S. Securities Act provided by Section 3(a)(10) thereof. The Final Order is required for the Arrangement to become effective and the Court has been advised that if the terms and conditions of the Arrangement are approved by the Court pursuant to the Final Order, the issuance of the Twin Butte Shares issuable to the Emerge Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, pursuant to Section 3(a)(10) thereof.

Stock Exchange Listing Approval

The Emerge Shares are listed on the TSX under the symbol "EME". The Twin Butte Shares are listed on the TSX under the symbol "TBE". It is a mutual condition to the completion of the Arrangement that the Twin Butte Shares to be issued to the Emerge Shareholders (other than Dissenting Emerge Shareholders) pursuant to the Arrangement are conditionally approved for listing on the TSX. The TSX conditionally approved the listing of such Twin Butte Shares on December 6, 2011, subject to Twin Butte fulfilling the requirements of the TSX.

Fairness Opinions

Peters & Co. Fairness Opinion

The Emerge Board engaged Peters & Co. as exclusive financial advisor to Emerge in connection with Emerge's review of strategic acquisitions or alternatives, which mandate also included acting as financial advisor with respect to the Arrangement. Peters & Co. has provided the Peters & Co. Fairness Opinion to the Emerge Board that, as of November 13, 2011 and subject to the assumptions, explanations, qualifications and limitations contained therein, the consideration to be received by Emerge Shareholders in connection with the Arrangement is fair, from a financial point of view, to Emerge Shareholders.

The summary of the Peters & Co. Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the Peters & Co. Fairness Opinion. The Peters & Co. Fairness Opinion is subject to the assumptions, explanations, qualifications and limitations contained therein and should be read in its entirety.

See Appendix E for the full text of the Peters & Co. Fairness Opinion.

GMP Fairness Opinion

The Twin Butte Board engaged GMP to provide a fairness opinion to the Twin Butte Board in connection with the Arrangement. GMP has provided the GMP Fairness Opinion to the Twin Butte Board that, as of November 13, 2011 and based upon and subject to the various assumptions, explanations, qualifications and limitations set forth therein, the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders.

The summary of the GMP Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the GMP Fairness Opinion. The GMP Fairness Opinion is subject to the assumptions, explanations and limitations contained therein and should be read in its entirety.

See Appendix F for the full text of the GMP Fairness Opinion.

Timing

If the Meetings are held as scheduled and are not adjourned and the other necessary conditions at that point in time are satisfied or waived, Emerge will apply for the Final Order approving the Arrangement on January 9, 2012. If the Final Order is obtained in a form and substance satisfactory to Emerge and Twin Butte, and all other conditions set forth in the Arrangement Agreement are satisfied or waived by the applicable Party, Emerge and Twin Butte expect the Effective Date to occur on or about January 9, 2012.

The Arrangement will become effective as of the Effective Time.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order or the failure to receive any required regulatory, governmental or third party consents on acceptable terms and conditions in a timely manner.

Procedure for Exchange of Securities

Letters of Transmittal– Emerge Shareholders

The Letter of Transmittal has been sent to registered Emerge Shareholders with this Information Circular. The Letter of Transmittal sets out the procedure to be followed by registered Emerge Shareholders to deposit their Emerge Shares (the "**Depositing Shareholders**"). If the Arrangement becomes effective, in order to receive a physical certificate(s) representing Twin Butte Shares in exchange for the deposited Emerge Shares to which the Depositing Shareholder is entitled under the Plan of Arrangement, a Depositing Shareholder must deliver the Letter of Transmittal, properly completed and duly executed, together with certificate(s) representing its deposited Emerge Shares (the "**Deposited Securities**") and all other required documents to the Depositary at the address set forth in the Letter of Transmittal. It is each Depositing Shareholder's responsibility to ensure that the Letter of Transmittal is received by the Depositary. If the Arrangement is not completed, the Letter of Transmittal will be of no effect and the Depositary will return all certificates representing the Deposited Securities to the holders thereof as soon as practicable at the address specified in the Letter of Transmittal. Depositing Shareholders whose Emerge Shares are registered in the name of an Intermediary must contact their Intermediary to deposit their Deposited Securities.

Any certificate formerly representing Emerge Shares that is not deposited with all other documents as required by the Plan of Arrangement on or prior to the Business Day prior to the fifth anniversary (or such other earlier date as required by applicable laws) of the Effective Date will cease to represent a right or claim of any kind or nature including the right of the Emerge Shareholder to receive Twin Butte Shares (and any dividend or other distributions thereon). In such case, such Twin Butte Shares (together with all dividends or other distributions thereon) will be returned to Twin Butte and such Twin Butte Shares will be cancelled.

Depositing Shareholders are encouraged to deliver a properly completed and duly executed Letter of Transmittal together with the relevant certificate(s) representing the Deposited Securities and any other required documents to the Depositary as soon as possible.

The use of mail to transmit certificates representing the Deposited Securities and the Letter of Transmittal is at each holder's risk. Emerge recommends that such certificates and documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used and appropriate insurance be obtained.

The Depositary will receive reasonable and customary compensation from Twin Butte for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified against certain liabilities, including liability under securities laws and expenses in connection therewith.

Lost Securities

If any certificate which immediately prior to the Effective Time represented an interest in outstanding Emerge Shares that was transferred or cancelled pursuant to the Plan of Arrangement has been lost, stolen or destroyed, upon

the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. Unless otherwise agreed to by Twin Butte, the person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to Twin Butte and its transfer agent, which bond is in form and substance satisfactory to Twin Butte and its transfer agent, or shall otherwise indemnify Twin Butte and its transfer agent against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

Withholding Rights

Twin Butte shall be entitled to deduct and withhold from any consideration otherwise payable to any Emerge Shareholder, and, for greater certainty, from any amount payable to an Emerge Shareholder who has validly exercised, and not withdrawn, Emerge Dissent Rights, as the case may be, under the Plan of Arrangement, such amounts as Twin Butte is required to deduct and withhold from such consideration in accordance with applicable tax laws and administrative policy of the Canada Revenue Agency. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid to the Emerge Shareholder, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. In connection with any amount required to be withheld pursuant to the Plan of Arrangement, Twin Butte may direct the Depositary to withhold such number of Twin Butte Shares that may otherwise be paid to such Emerge Shareholder under the Plan of Arrangement and to sell such shares on the TSX for cash proceeds to be used for such withholding.

Dissent Rights

Emerge Dissent Rights

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

A Court hearing the application for the Final Order has the discretion to alter the Emerge Dissent Rights described herein based on the evidence presented at such hearing. Subject to certain tests as described below, pursuant to the Interim Order, Dissenting Emerge Shareholders are entitled, in addition to any other right such Dissenting Emerge Shareholder may have, to dissent and to be paid by Twin Butte the fair value of the Emerge Shares held by such Dissenting Emerge Shareholder in respect of which such Dissenting Emerge Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Emerge Resolution was adopted. **A Dissenting Emerge Shareholder may dissent only with respect to all of the Emerge Shares held by such Dissenting Emerge Shareholder or on behalf of any one Beneficial Holder and registered in the Dissenting Emerge Shareholder's name. Only registered Emerge Shareholders may dissent. Persons who are Beneficial Holders of Emerge Shares registered in the name of an Intermediary who wish to dissent should be aware that they may only do so through the registered owner of such Emerge Shares. A registered Emerge Shareholder, such as a broker, who holds Emerge Shares as nominee for Beneficial Holders, some of whom wish to dissent, must exercise the Emerge Dissent Right on behalf of a Beneficial Holder with respect to all of the Emerge Shares held for such Beneficial Holder. In such case, the demand for dissent should set forth the number of Emerge Shares covered by it.**

Dissenting Emerge Shareholders must provide a written objection to the Emerge Resolution to Emerge, c/o Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, Alberta T2P 0R3,

Attention: William Guinan, by no later than 4:00 p.m. (Calgary time) on the second Business Day immediately preceding the date of the Emerge Meeting. **No Emerge Shareholder who has voted in favour of the Emerge Resolution shall be entitled to dissent with respect to the Arrangement.**

Twin Butte or a Dissenting Emerge Shareholder may apply to the Court, by way of an origination application, after the approval of the Emerge Resolution, to fix the fair value of the Dissenting Emerge Shareholder's Emerge Shares. If such an application is made to the Court by either Twin Butte or a Dissenting Emerge Shareholder, Twin Butte must, unless the Court orders otherwise, send to each Dissenting Emerge Shareholder a written offer to pay the Dissenting Emerge Shareholder an amount, considered by the Twin Butte Board, to be the fair value of the Emerge Shares held by such Dissenting Emerge Shareholders. The offer, unless the Court orders otherwise, must be sent to each Dissenting Emerge Shareholder at least 10 days before the date on which the application is returnable, if Emerge is the applicant, or within 10 days after Emerge is served a copy of the origination application, if a Dissenting Emerge Shareholder is the applicant. Every offer will be made on the same terms to each Dissenting Emerge Shareholder of Emerge Shares and contain or be accompanied with a statement showing how the fair value was determined.

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

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

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

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

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

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

Unless otherwise waived, it is a condition to the completion of the Arrangement that holders of not more than 5% of the issued and outstanding Emerge Shares shall have exercised Emerge Dissent Rights in respect of the Arrangement that have not been withdrawn as of the Effective Date.

Interests of Certain Persons or Companies in the Arrangement

Share Ownership

As of December 9, 2011, the directors and executive officers of Emerge and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 9,821,000 Emerge Shares, representing approximately 11% of the outstanding Emerge Shares, and an aggregate of 3,645,000 Emerge Options. As of December 9, 2011, the directors and executive officers of Twin Butte and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of approximately 5,724,510 Twin Butte Shares, representing approximately 4.2% of the Twin Butte Shares.

Immediately after giving effect to the Arrangement, it is anticipated that the currently proposed directors of Twin Butte and their associates and affiliates, as a group, would beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of approximately 7,990,478 Twin Butte Shares representing approximately 4.2% of the Twin Butte Shares which are expected to be outstanding upon completion of the Arrangement.

Director and Officer Insurance

Emerge and Twin Butte have agreed that for a period of six years after the Effective Date, Emerge shall be entitled to secure policies of directors' and officers' liability insurance providing coverage on a "trailing" or "run-off" basis for all present directors and officers of Emerge, provided that such insurance is approved by Twin Butte, acting reasonably, with respect to claims made prior to or within six years after the Effective Date.

Change of Control Provisions

Certain employment agreements with Emerge's officers contain "change of control" provisions which will be triggered by the completion of the Arrangement. Pursuant to such agreements, Thomas J. Greschner, the President and Chief Executive Officer of Emerge, shall be entitled to a termination payment of $294,000, Brent Lacey, the Executive Vice President and Chief Operating Officer of Emerge and Preston Kraft, Vice President, Engineering and Operations of Emerge, shall each be entitled to a termination payment of $264,000 and Claude Gamache, the Vice President, Exploration of Emerge and Anita Tonn, the Vice President, Finance and Chief Financial Officer of Emerge, shall each be entitled to a termination payment of $240,000.

See "*The Arrangement – Shareholder Approval – Minority Approval*".

Emerge Options

The chart set forth below sets out for each director and officer of Emerge the value of the Emerge Options held by such individuals pursuant to the Arrangement (based on a deemed transaction value of $1.15 per Emerge Share).

Name and Position	Number of Emerge Options Held	Potential Payment with respect to "in the money" Emerge Options ($)[1][3][4]	Potential Payment with respect to "out of the money" Emerge Options ($)[2][3][4]
R.L. (Monty) Bowers Director	215,000	55,500	70.00
William C. Guinan Director	215,000	55,500	70.00
Robert J. Zakresky Director	215,000	55,500	70.00
C. Brent Lacey Executive Vice President, Chief Operating Officer and Director	675,000	225,000	175.00
Thomas J. Greschner Chairman, President, Chief Executive Officer and Director	800,000	225,000	300.00
Claude Gamache Vice President, Exploration	475,000	45,000	175.00
Anita Tonn Vice President, Finance and Chief Financial Officer	575,000	135,000	175.00
Preston Kraft Vice President, Engineering and Operations	475,000	-	475.00

Notes:

(1) Potential payment is determined by multiplying the number of Emerge Options held by such person at an exercise price(s) of less than $1.15 per share by the difference between $1.15 and the exercise price(s) of such Emerge Options. The actual payment may differ as per Note 3 below.

(2) Potential payment is determined by multiplying the number of Emerge Options held by such person at exercise price(s) of greater than or equal to $1.15 per share by $0.001.

(3) Holders of Emerge Options may choose to exercise their Emerge Options for Emerge Shares and subsequently receive Twin Butte Shares.

(4) Agreements are expected to be entered into between Emerge and each of the Emerge Optionholders whereby each Emerge Optionholder will agree to: (a) surrender for cancellation, immediately prior to the Effective Time, all "in the money" Emerge Options held by such Emerge Optionholder for a cash payment by Emerge equal to the "in the money" amount (which "in the money" amount shall be calculated by subtracting from the product of the 5 day volume weighted average trading price of the Twin Butte Shares on the TSX ending on the third Business Day immediately prior to the Effective Date multiplied by 0.585, the exercise price of such Emerge Options) and a portion of such cash payment will be withheld by Emerge and remitted directly to the Canada Revenue Agency on account of withholding taxes; and (b) surrender for cancellation all Emerge Options held by such Emerge Optionholder not exercised or surrendered pursuant to subparagraph (a) above, immediately prior to the Effective Time, in consideration of the payment by Emerge to such Emerge Optionholder of $0.001 per Emerge Option.

Other Interests

None of the principal holders of Emerge Shares or Twin Butte Shares or any director or officer of Emerge or Twin Butte, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transaction that materially affected, or will materially affect, Emerge, Twin Butte, or any of their affiliates, except as disclosed above or elsewhere in this Information Circular or in the documents incorporated into this Information Circular by reference.

The Emerge Board has retained Peters & Co. as exclusive financial advisor to Emerge with respect to the Arrangement and Peters & Co. has provided the Peters & Co. Fairness Opinion to the Emerge Board. Peters & Co. has received or will receive fees from Emerge for provision of financial advice in connection with the Arrangement

and the Peters & Co. Fairness Opinion. Twin Butte has retained GMP as financial advisors to Twin Butte with respect to the Arrangement and GMP has provided the GMP Fairness Opinion to the Twin Butte Board. GMP will receive fees from Twin Butte for provision of the GMP Fairness Opinion.

Expenses of the Arrangement

Emerge has covenanted in the Arrangement Agreement that the costs to be incurred by Emerge and Twin Butte with respect to the Arrangement and related matters including, without limitation, financial advisory, fees (including the costs of the Peters & Co. Fairness Opinion) and expenses, costs and expenses incurred in connection with the legal and other professional fees and disbursements (but excluding any cash payments made by Emerge or surrender of "in the money" Emerge Options) will not exceed $1.8 million.

The estimated costs to be incurred by Twin Butte and Emerge with respect to the Arrangement and related matters including, without limitation, financial advisory, accounting and legal fees, the costs of preparation, printing and mailing of this Information Circular and other related documents and agreements, and stock exchange and regulatory filing fees, are expected to aggregate approximately $5.5 million.

Securities Law Matters

Canada

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

United States

The Twin Butte Shares issuable to Emerge Shareholders in exchange for their Emerge Shares under the Arrangement have not been and will not be registered under the U.S. Securities Act, and such securities will be issued in reliance upon the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and receive timely notice thereof. The Court is authorized to conduct a hearing at which the fairness of the terms and conditions of the Arrangement will be considered. All Emerge Shareholders and Twin Butte Shareholders are entitled to appear and be heard at this hearing, provided that they satisfy the applicable conditions set forth in the Interim Order. The Court granted the Interim Order on December 6, 2011 and, subject to the approval of the Arrangement by Emerge Shareholders and Twin Butte Shareholders, a hearing on the Arrangement will be held on January 9, 2012 by the Court. See *"The Arrangement – Court Approvals – Final Order*" above.

The Twin Butte Shares to be received by Emerge Shareholders upon completion of the Arrangement may be resold without restrictions under the U.S. Securities Act, except by persons who are "affiliates" of Twin Butte after the completion of the Arrangement or who have been affiliates of Twin Butte within 90 days before the Effective Date. Persons who may be deemed to be "affiliates" of an issuer generally include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract or otherwise, and generally include executive officers and directors of the issuer as well as principal

shareholders of the issuer. Any resale of such Twin Butte Shares by such an affiliate (or, if applicable, former affiliate) may be subject to the registration requirements of the U.S. Securities Act and applicable state securities laws, absent an exemption therefrom. Subject to certain limitations, such affiliates (and former affiliates) may immediately resell such Twin Butte Shares outside the United States without registration under the U.S. Securities Act pursuant to Regulation S under the U.S. Securities Act. Such Twin Butte Shares may also be resold in transactions completed in accordance with Rule 144 under the U.S. Securities Act, if available.

The foregoing discussion is only a general overview of certain requirements of U.S. Securities Act applicable to the resale of Twin Butte Shares received upon completion of the Arrangement. All holders of such Twin Butte Shares are urged to consult with their own counsel to ensure that the resale of their Twin Butte Shares complies with applicable U.S. federal and state securities laws.

Certain Canadian Federal Income Tax Considerations

In the opinion of Burnet, Duckworth & Palmer LLP, counsel to Twin Butte, and Borden Ladner Gervais LLP, counsel to Emerge (collectively, "**Counsel**"), the following is, as of the date hereof, a fair and adequate summary of the principal Canadian federal income tax considerations generally applicable to an Emerge Shareholder in respect of the exchange of Emerge Shares for Twin Butte Shares pursuant to the Arrangement, and the holding and disposition of Twin Butte Shares acquired pursuant to the Arrangement. This summary is generally applicable to an Emerge Shareholder who at all material times, for purposes of the ITA, holds Emerge Shares as capital property, and deals at arm's length with, and is not affiliated with, Emerge or Twin Butte. This summary is not applicable to an Emerge Shareholder: (i) that is a "financial institution" or a "specified financial institution" as defined in the ITA; (ii) that is an entity an interest in which is a "tax shelter investment"; or (iii) whose "functional currency" for the purposes of the ITA is the currency of a country other than Canada.

Emerge Shares will generally constitute capital property to an Emerge Shareholder unless the Emerge Shareholder is a trader or dealer in securities or otherwise holds the Emerge Shares in the course of a business of buying and selling securities or, has acquired the Emerge Shares in a transaction or transactions considered to be an adventure in the nature of trade. Certain Emerge Shareholders resident in Canada for the purposes of the ITA whose Emerge Shares might not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other "Canadian Securities" treated as capital property by making an irrevocable election in accordance with subsection 39(4) of the ITA.

This summary is based upon the current provisions of the ITA and Counsel's understanding of the current published administrative and assessing practices of the Canada Revenue Agency ("**CRA**"). This summary takes into account all proposed amendments to the ITA publicly announced by the Minister of Finance prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in their present form. However, no assurance can be given that the Proposed Amendments will be enacted in the form proposed, if at all. This summary does not otherwise take into account or anticipate changes in the law, whether by way of judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations, which may vary significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Emerge Shareholder. Accordingly, Emerge Shareholders should consult their own independent tax advisors for advice with respect to the income tax consequences to them of disposing of their Emerge Shares having regard to their own particular circumstances.

Residents of Canada

This portion of the summary is applicable only to an Emerge Shareholder who is resident or deemed to be resident in Canada for purposes of the ITA and any applicable income tax treaty (a "**Resident Holder**").

Exchange of Emerge Shares for Twin Butte Shares

A Resident Holder who exchanges Emerge Shares for Twin Butte Shares pursuant to the Arrangement generally will not recognize a capital gain (or loss) for purposes of the ITA unless such Resident Holder chooses to recognize such capital gain or loss as described below. A Resident Holder who receives Twin Butte Shares in exchange for Emerge Shares will be deemed to have disposed of such Emerge Shares for proceeds of disposition equal to the aggregate adjusted cost base of such Emerge Shares immediately before the exchange, and will be deemed to have acquired the Twin Butte Shares at a cost equal to such aggregate adjusted cost base. This cost will be averaged with the adjusted cost base of all other Twin Butte Shares held by such Resident Holder as capital property for the purpose of determining the adjusted cost base of each Twin Butte Share.

A Resident Holder may choose to recognize a capital gain (or loss) on the exchange of its Emerge Shares by including the capital gain (or loss) in their tax return for the taxation year in which the exchange occurs. In such circumstances, the Resident Holder will realize a capital gain (or loss) equal to the amount by which the fair market value of the Twin Butte Shares received exceeds (or is exceeded by) the aggregate adjusted cost base of the Emerge Shares exchanged therefor and any reasonable costs of disposition. The tax considerations applicable to a capital gain or loss are described below, in the subsection titled "*Taxation of Capital Gains and Losses*". Such Resident Holder will acquire the Twin Butte Shares at a cost equal to their fair market value at that time.

Dissenting Shareholders

A Resident Holder who exercises the right of dissent in respect of the Arrangement (a "**Dissenting Holder**") and is entitled to be paid the fair value of its Emerge Shares by Twin Butte will realize a capital gain (or capital loss) to the extent that such payment (other than any portion thereof that is interest) exceeds (or is less than) the aggregate of the adjusted cost base of the Emerge Shares to the Dissenting Holder and reasonable costs of the disposition. See "*Taxation of Capital Gains and Losses*". A Dissenting Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Holding and Disposing of Twin Butte Shares

Dividends on Twin Butte Shares

Dividends on Twin Butte Shares will be included in the recipient's income for the tax year in which such dividends are received for the purposes of the ITA. Such dividends received by a Resident Holder who is an individual will be subject to the gross up and dividend tax credit rules in the ITA normally applicable to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by Twin Butte at or prior to the time the dividend is paid, such dividend will be treated as an eligible dividend for the purposes of the ITA and a Resident Holder who is an individual resident in Canada will be entitled to an enhanced dividend tax credit in respect of such dividend.

In the case of a Resident Holder that is a corporation, dividends received on the Twin Butte Shares will be required to be included in computing the Resident Holder's income for the taxation year in which such dividends are received and will generally be deductible in computing the Resident Holder's taxable income. A Resident Holder that is a "private corporation" (as defined in the ITA) or any other corporation resident in Canada and controlled or deemed to be controlled by or for the benefit of an individual or a related group of individuals may be liable under Part IV of the ITA to pay a refundable tax of 33⅓% on dividends received on the Twin Butte Shares to the extent that such dividends are deductible in computing the holder's taxable income. A Resident Holder that, throughout the relevant taxation year, is a "Canadian controlled private corporation" (as defined in the ITA) may be liable to pay a refundable tax of 6⅔% on its "aggregate investment income" (as defined in the ITA), including any dividends that are not deductible in computing taxable income.

Disposition of Twin Butte Shares

A disposition or deemed disposition of a Twin Butte Share by a Resident Holder (other than a disposition to Twin Butte or in a tax deferred transaction), will generally result in a capital gain (or a capital loss) to the extent that the

proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Twin Butte Share to the Resident Holder immediately before the disposition. Such capital gain (or capital loss) will be subject to the tax treatment described under "*Taxation of Capital Gains and Losses*".

Taxation of Capital Gains and Losses

Generally, a Resident Holder will be required to include in income one-half of the amount of any capital gain (a "**taxable capital gain**") and will be entitled to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") against taxable capital gains realized in the year by such Resident Holder. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against net taxable capital gains realized in such year to the extent and under the circumstances described in the ITA. Allowable capital losses may not generally be deducted against any types of income other than taxable capital gains.

In general, a capital loss otherwise arising on the disposition of a share by a Resident Holder that is a corporation may be reduced by dividends previously received or deemed to have been received thereon. Similar rules may apply where a corporation is, directly or through a partnership or a trust, a member of a partnership or a beneficiary of a trust that owns shares. Resident Holders to whom these rules may be relevant should consult their own tax advisors.

A Resident Holder that is throughout the year a "Canadian controlled private corporation" (as defined in the ITA) may be liable to pay, in addition to tax otherwise payable under the ITA, a refundable tax of 6⅔% on certain investment income including taxable capital gains.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax. Shareholders should consult their own tax advisors with respect to the alternative minimum tax provisions.

Non-Residents of Canada

This portion of the summary is generally applicable to an Emerge Shareholder who, at all relevant times, for purposes of the ITA, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, its Emerge Shares in a business carried on in Canada and does not carry on an insurance business in Canada or elsewhere (a "**Non-Resident Holder**").

Exchange of Emerge Shares for Twin Butte Shares

A Non-Resident Holder will generally be subject to the same income tax considerations as those discussed above with respect to Resident Holders under "*Exchange of Emerge Shares for Twin Butte Shares*", However, if a Non-Resident Holder chooses to report a capital gain or capital loss on the exchange of such shares, the Non-Resident Holder will not be subject to tax under the ITA unless the Emerge Shares constitute "taxable Canadian property" to the Non-Resident Holder at the time of the exchange and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident. See "*Taxable Canadian Property*" below for a general discussion of the circumstances in which shares of a corporation will constitute "taxable Canadian property".

Where a Non-Resident Holder chooses to recognize a capital gain in respect of an Emerge Share that is "taxable Canadian property", and such holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident, such capital gain will be subject to the same Canadian income tax consequences discussed above under "*Residents of Canada – Taxation of Capital Gains and Losses*".

Emerge Shareholders whose Emerge Shares are "taxable Canadian property" are advised to consult their own tax advisors with respect to the Arrangement.

In the case of a Non-Resident Holder whose Emerge Shares constitute "taxable Canadian property", any Twin Butte Shares received by such Non-Resident Holder in exchange for Emerge Shares will also constitute "taxable Canadian property" to such Non-Resident Holder for a period of 5 years after the exchange.

Dissenting Non-Resident Holders

A Non-Resident Holder who exercises the right of dissent in respect of the Arrangement (a "**Non-Resident Dissenting Holder**") and is entitled to be paid the fair value of its Emerge Shares by Twin Butte will realize a capital gain (or capital loss) to the extent such payment (other than any portion thereof that is interest) exceeds (or is less than) the aggregate of the adjusted cost base of the Emerge Shares to the Non-Resident Dissenting Holder and reasonable costs of the disposition. A Non-Resident Dissenting Holder will not be liable for tax under the ITA in respect of any such capital gain unless the Emerge Shares constitute "taxable Canadian property" to the Non-Resident Dissenting Holder. See "*Taxable Canadian Property*" below for a general discussion of the circumstances in which shares of a corporation will constitute "taxable Canadian property". A Non-Resident Dissenting Holder whose Emerge Shares constitute "taxable Canadian property" should consult its own tax advisor. Any interest awarded by a court to a Non-Resident Dissenting Holder will not be subject to Canadian withholding tax.

Holding and Disposing of Twin Butte Shares

Dividends on Twin Butte Shares

Any dividends paid in respect of Twin Butte Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty. For example, under the Canada U.S. Tax Convention, (1980) (the "**Canada-US Tax Treaty**") the withholding tax rate is generally reduced to 15% in respect of a dividend paid to a Non-Resident Holder who is the beneficial owner of the dividend and who is resident in the United States and entitled to the benefits of the Canada-US Tax Treaty.

Disposition of Twin Butte Shares

A Non-Resident Holder will generally not be liable for tax under the ITA on a disposition or deemed disposition of Twin Butte Shares unless such shares are, or are deemed to be, taxable Canadian property (as discussed below) to the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax convention between Canada and the country in which the Non-Resident Holder is resident.

In the case of a Twin Butte Share owned by a Non-Resident Holder that constitutes taxable Canadian property of the Non-Resident Holder, any capital gain (or capital loss) realized on the disposition or deemed disposition of the Twin Butte Share that is not exempt from tax under the ITA pursuant to an applicable income tax convention, will generally be subject to the same Canadian income tax consequences discussed above applicable to a Resident Holder who disposes of Twin Butte Shares. See "*Residents of Canada - Taxation of Capital Gains and Losses*".

Non-Resident Holders who dispose of Twin Butte Shares that are taxable Canadian property should consult their own tax advisors with respect to the requirement to file a Canadian income tax return in respect of the disposition in their particular circumstances.

Taxable Canadian Property

Generally, shares of a corporation will not constitute taxable Canadian property to a holder thereof at the time of disposition provided that the shares are listed on a designated stock exchange (which includes the TSX) at that time, unless at any time during the 60-month period that ends at that time: (a) such holder, persons with whom such holder did not deal at arm's length, or such holder together with all such persons, owned 25% or more of the issued shares of any class or series of the capital stock of the particular corporation; and (b) more than 50% of the fair market value of the shares disposed of was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the ITA), timber resource properties (as defined in the ITA), and options in respect of, or interests in, or civil law rights in, any such properties.

Notwithstanding the foregoing, in certain circumstances set out in the ITA, shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

PRO FORMA INFORMATION OF TWIN BUTTE AFTER GIVING EFFECT TO THE ARRANGEMENT

Pro Forma Twin Butte Board

If the Arrangement is completed as contemplated, the Twin Butte Board is expected to be comprised of a total of seven directors, with six directors being current directors of Twin Butte (Messrs. James Brown, John Brussa, David Fitzpatrick, James Saunders, Warren Steckley and William Trickett) plus Mr. Thomas J. Greschner, being Emerge's current Chairman, President and Chief Executive Officer.

Pro Forma Capitalization

The following table outlines the consolidated capitalization of: (i) Emerge and Twin Butte as at September 30, 2011 before giving effect to the Arrangement; and (ii) Twin Butte as at September 30, 2011 after giving effect to the Arrangement. This table should be read in conjunction with Emerge's and Twin Butte's unaudited interim financial statements for the three and nine months ended September 30, 2011 together with the notes thereto, prepared in accordance with IFRS, and the respective management's discussion and analysis of financial condition and results of operations for the three and nine months ended September 30, 2011, each incorporated by reference in this Information Circular.

	As at September 30, 2011		
	Emerge before giving effect to the Arrangement	**Twin Butte before giving effect to the Arrangement**	**Twin Butte after giving effect to the Arrangement[2]**
	(expressed in thousands)		
Common shares (authorized - unlimited)	$139,838 (92,368,427 Emerge Shares)	$227,498 (135,408,937 Twin Butte Shares)	$348,228 (189,547,816 Twin Butte Shares) [1]
Bank indebtedness	$48,526	$75,549	$124,075

Notes:

(1) Assumes all "in the money" Emerge Options are surrendered for cash.
(2) For pro forma adjustments, see Appendix G.

Selected Pro Forma Financial Information

See the Unaudited Pro Forma Financial Statements attached as Appendix G hereto for selected pro forma financial information of Twin Butte as at and for the three and nine months ended September 30, 2011 and for the year ended December 31, 2010 after giving effect to the Arrangement. Reference should be made to the audited financial statements of Emerge for the years ended December 31, 2010 and 2009, together with the notes thereto and the report of the auditors thereon, the unaudited interim comparative financial statements of Emerge as at and for the three and nine months ended September 30, 2011, the audited financial statements of Twin Butte for the years ended December 31, 2010 and 2009, together with the notes thereto and the report of the auditors thereon and the unaudited interim comparative financial statements of Twin Butte as at and for the three and nine months ended September 30, 2011, which are incorporated by reference herein.

The following table sets out certain pro forma financial information for: (i) Emerge and Twin Butte as at September 30, 2011 before giving effect to the Arrangement; and (ii) Twin Butte as at and for the nine months ended September 30, 2011 after giving effect to the Arrangement. Additional information is set forth in the pro forma financial statements of Twin Butte attached as Appendix G to this Information Circular.

	As at and for the Nine Months Ended September 30, 2011		
	Emerge before giving effect to the Arrangement	**Twin Butte before giving effect to the Arrangement**	**Twin Butte after giving effect to the Arrangement[(1)]**
	(expressed in thousands of $, except per share amounts)		
Petroleum and natural gas sales	103,220	105,361	208,581
Royalties	(22,287)	(20,742)	(43,029)
Operating and transportation expenses	(37,947)	(35,484)	(73,431)
Net income	14,832	18,026	28,255
Per share (basic)	0.16	0.14	0.15
Per share (diluted)	0.16	0.13	0.15
Total assets	230,196	370,472	653,282
Total liabilities	102,705	152,850	260-599
Shareholders' equity	127,491	217,622	392,683

Note:

(1) For pro forma adjustments, see Appendix G.

Selected Pro Forma Operational Information

The following table sets out certain pro forma operational information for: (i) Emerge and Twin Butte before giving effect to the Arrangement; and (ii) Twin Butte after giving effect to the Arrangement for the periods indicated.

	Emerge before giving effect to the Arrangement	**Twin Butte before giving effect to the Arrangement**	**Twin Butte after giving effect to the Arrangement[(1)]**
Average Daily Production (for the year ended December 31, 2010)			
Natural gas (Mcf/d)	701	22,033	22,734
Light and medium oil (Bbls/d)	567	750	1,317
Heavy oil (Bbls/d)	4,227	1,873	6,100
Natural gas liquids (Bbls/d)	11	276	287
Combined (Boe/d)	4,922	6,571	11,493
Average Daily Production (for the nine months ended September 30, 2011)[(4)]			
Natural gas (Mcf/d)	1,281	18,024	19,305
Light and medium oil (Bbls/d)	561	837	1,398
Heavy oil (Bbls/d)	4,993	3,466	8,459
Natural gas liquids (Bbls/d)	9	281	290
Combined (Boe/d)	5,777	7,588	13,365
Total Proved Reserves (on a forecast price basis as at December 31, 2010)[(2)(3)]			
Natural gas (MMcf)	988.3	74,998.7	75,987
Light and medium oil (Mbbls)	177.2	1,510.1	1,687.3
Heavy oil (Mbbls)	6,635.2	7,447.1	14,082.3
Natural gas liquids (Mbbls)	28.6	1,465.3	1,493.9
Oil and natural gas liquids combined (Mbbls)	6,841.0	10,422.5	17,263.5
Combined (Mboe)	7,005.7	22,922.3	29,928
Total Proved and Probable Reserves (on a forecast price basis as at December 31, 2010)[(2)(3)(4)]			
Natural gas (MMcf)	1,709.5	110,018.2	111,727.7
Light and medium oil (Mbbls)	404.9	2,393.9	2,798.8
Heavy oil (Mbbls)	12,870.2	14,566.1	27,436.3

	Emerge before giving effect to the Arrangement	Twin Butte before giving effect to the Arrangement	Twin Butte after giving effect to the Arrangement[(1)]
Natural gas liquids (Mbbls)	40.6	2,162.9	2,203.5
Oil and natural gas liquids combined (Mbbls)	13,315.7	19,122.9	32,438.6
Combined (Mboe)	13,600.6	37,459.3	51,059.9
Net undeveloped land (as at December 31, 2010)	36,560	352,029	388,589
Gross undeveloped land (as at December 31, 2010)	43,687	256,377	300,064

Notes:

(1) The numbers in this column were calculated by adding the numbers in the Emerge column with the numbers in the Twin Butte column.

(2) Reserves presented for Emerge are extracts from the Emerge Reserves Report and for Twin Butte are extracts from the Twin Butte Reserves Report. Please refer to the Emerge AIF and Twin Butte AIF (each of which is incorporated herein by reference) for further information regarding the reserves of Emerge and Twin Butte, respectively, as at December 31, 2010.

(3) Reserves presented are gross reserves as defined in NI 51-101 utilizing forecast price and costs assumptions.

(4) Columns may not add due to rounding.

GENERAL PROXY MATTERS – EMERGE

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Emerge to be used at the Emerge Meeting. Solicitations of proxies will be primarily by mail, but may also be supplemented by telephone, newspaper publication or other contact.

All costs of the solicitation for the Emerge Meeting will be borne by Emerge.

The information set forth below generally applies to registered holders of Emerge Shares. See "*Emerge Shareholders – Questions and Answers*" accompanying this Information Circular. If you are a beneficial holder of Emerge Shares (i.e., your Emerge Shares are held through an Intermediary), please see "*General Information – Information for Beneficial Shareholders*" at the front of this Information Circular.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for holders of Emerge Shares. The persons named in the enclosed form of proxy are directors and/or officers of Emerge. An Emerge Shareholder has the right to appoint a person (who need not be an Emerge Shareholder) to represent such Emerge Shareholder at the Emerge Meeting other than the persons designated in the accompanying form of proxy either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.

A form of proxy will only be valid if it is duly completed, signed and then delivered to the offices Olympia Trust Company, at 2300, 125 - 9th Avenue S.E., Calgary, Alberta T2P 0G6 or by facsimile at (403) 265-1455. The form of proxy must be received by Olympia Trust Company not later than 9:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Emerge Meeting. For information regarding the voting or appointing a proxy by internet, see the form of proxy for Emerge Shareholders and the Information Circular under the heading "*General Proxy Matters – Emerge – Voting by Internet*". Failure to so deposit a form of proxy will result in its invalidation. Notwithstanding the foregoing, the chair of the Emerge Meeting has the discretion to accept proxies received after such deadline.

An Emerge Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Emerge Shareholder or by its attorney duly authorized in writing or, if the Emerge Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of Emerge at any time up to and including the last Business Day preceding the day of the Emerge Meeting, or any adjournment of the Emerge Meeting, at which the proxy is to be used, or with the chair of the Emerge Meeting on the day of the Emerge Meeting or any adjournment thereof, or in any other manner permitted by law.

Record Date

The Record Date for determination of Emerge Shareholders entitled to receive notice of and to vote at the Emerge Meeting is December 9, 2011. Only Emerge Shareholders whose names have been entered in the register of Emerge Shareholders on the close of business on the Record Date will be entitled to receive notice of and to vote at the Emerge Meeting. **To the extent an Emerge Shareholder transfers the ownership of any of its Emerge Shares after the Record Date and the transferee of those Emerge Shares establishes that it owns such Emerge Shares and requests, at least ten (10) days before the Emerge Meeting, to be included in the list of Emerge Shareholders eligible to vote at the Emerge Meeting, such transferee will be entitled to vote those Emerge Shares at the Emerge Meeting.**

Signature of Proxy

The form of proxy accompanying this Information Circular must be executed by the Emerge Shareholder or its attorney authorized in writing, or if the Emerge Shareholder is a corporation, the form of proxy should be signed in

its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following its signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Emerge).

Voting of Proxies

The Emerge Shares represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the Emerge Shareholder on any ballot that may be called for, and if the Emerge Shareholder specifies a choice with respect to any matter to be acted upon at the Emerge Meeting, then the Emerge Shares will be voted accordingly. In the absence of such instructions, the Emerge Shares will be voted **FOR** the approval of the Emerge Resolution as described in this Information Circular.

Exercise of Discretion of Proxy

The proxyholder has discretion under the accompanying form of proxy to consider matters to come before the Emerge Meeting. At the date of this Information Circular, management of Emerge knows of no amendments, variations or other matters to come before the Emerge Meeting other than the matters referred to in the Notice of Meeting. Emerge Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Voting by Internet

Emerge Shareholders may use the internet at https://secure.olympiatrust.com/proxy to transmit their voting instructions. Emerge Shareholders should have the form of proxy in hand when they access the website noted above. Emerge Shareholders will be prompted to enter their Control Number, Holder Account Number and Access Number which are located on the form of proxy. If Emerge Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Emerge Meeting. The website may be used to appoint a proxyholder to attend and vote on an Emerge Shareholder's behalf at the Emerge Meeting and to convey an Emerge Shareholder's voting instructions. Please note that if an Emerge Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, an Emerge Shareholder may resubmit its proxy, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

GENERAL PROXY MATTERS – TWIN BUTTE

Solicitation of Proxies

This Information Circular is furnished in connection with the solicitation of proxies by management of Twin Butte to be used at the Twin Butte Meeting. Solicitations of proxies will be primarily by mail, but may also be by telephone, newspaper publication or other contact.

All costs of the solicitation for the Twin Butte Meeting will be borne by Twin Butte.

The information set forth below generally applies to registered holders of Twin Butte Shares. See "*Twin Butte Shareholders – Questions and Answers*" accompanying this Information Circular. If you are a beneficial holder of Twin Butte Shares (i.e., your Twin Butte Shares are held through an Intermediary), please see "*General Information – Information for Beneficial Shareholders*" at the front of this Information Circular.

Appointment and Revocation of Proxies

Accompanying this Information Circular is a form of proxy for holders of Twin Butte Shares. The persons named in the enclosed form of proxy are directors and/or officers of Twin Butte. A Twin Butte Shareholder has the right to appoint a person (who need not be a Twin Butte Shareholder) to represent such Twin Butte Shareholder at the Twin Butte Meeting other than the persons designated in the accompanying form of proxy either by inserting such person's name in the blank space provided in the form of proxy or by completing another form of proxy.

A form of proxy will only be valid if it is duly completed, signed and then delivered to the offices of Valiant Trust Company, Attn: Stock Transfer Department, 310, 606 - 4th Street S.W., Calgary, Alberta T2P 1T1 or by facsimile at (403) 233-2857. The form of proxy must be received by Valiant Trust Company not later than 10:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Twin Butte Meeting. For information regarding the voting or appointing a proxy by internet or telephone, see the form of proxy for Twin Butte Shareholders and the Information Circular under the heading "*General Proxy Matters – Twin Butte – Voting by Internet and Telephone*". Failure to so deposit a form of proxy will result in its invalidation. Notwithstanding the foregoing, the chair of the Twin Butte Meeting has the discretion to accept proxies received after such deadline.

A Twin Butte Shareholder who has given a form of proxy may revoke it as to any matter on which a vote has not already been cast pursuant to its authority by an instrument in writing executed by such Twin Butte Shareholder or by its attorney duly authorized in writing or, if the Twin Butte Shareholder is a corporation, by an officer or attorney thereof duly authorized, and deposited at the registered office of Twin Butte at any time up to and including the last Business Day preceding the day of the Twin Butte Meeting, or an adjournment of the Twin Butte Meeting, at which the proxy is to be used, or with the chair of the Twin Butte Meeting on the day of the Twin Butte Meeting or any adjournment thereof, or in any manner permitted by law.

Record Date

The Record Date for determination of Twin Butte Shareholders entitled to receive notice of and to vote at the Twin Butte Meeting is December 9, 2011. Only Twin Butte Shareholders whose names have been entered in the register of Twin Butte Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Twin Butte Meeting. **To the extent a Twin Butte Shareholder transfers the ownership of any of its Twin Butte Shares after the Record Date and the transferee of those Twin Butte Shares establishes that it owns such Twin Butte Shares and requests, at least ten (10) days before the Twin Butte Meeting, to be included in the list of Twin Butte Shareholders eligible to vote at the Twin Butte Meeting, such transferee will be entitled to vote those Twin Butte Shares at the Twin Butte Meeting.**

Signature of Proxy

The form of proxy accompanying this Information Circular must be executed by the Twin Butte Shareholder or its attorney authorized in writing, or if the Twin Butte Shareholder is a corporation, the form of proxy should be signed in its corporate name under its corporate seal by an authorized officer whose title should be indicated. A proxy signed by a person acting as attorney or in some other representative capacity should reflect such person's capacity following its signature and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with Twin Butte).

Voting of Proxies

The Twin Butte Shares represented by the form of proxy will be voted or withheld from voting in accordance with the instructions of the Twin Butte Shareholder on any ballot that may be called for, and if the Twin Butte Shareholder specifies a choice with respect to any matter to be acted upon at the Twin Butte Meeting, the Twin Butte Shares will be voted accordingly. In the absence of such instructions, the Twin Butte Shares will be voted **FOR** the approval of the Twin Butte Resolution and the Twin Butte Share Award Incentive Plan Resolution as described in this Information Circular.

Exercise of Discretion of Proxy

The proxyholder has discretion under the accompanying form of proxy to consider matters to come before the Twin Butte Meeting. At the date of this Information Circular, management of Twin Butte knows of no amendments, variations or other matters to come before the Twin Butte Meeting other than the matters referred to in the Notice of Meeting. Twin Butte Shareholders who are planning on returning the accompanying form of proxy are encouraged to review the Information Circular carefully before submitting the proxy form.

Voting by Internet

Twin Butte Shareholders may use the internet at www.valianttrust.com to transmit their voting instructions. Twin Butte Shareholders should have the form of proxy in hand when they access the website noted above. Twin Butte Shareholders will be prompted to enter their Control Number, Holder Account Number and Access Number which are located on the form of proxy. If Twin Butte Shareholders vote by internet, their vote must be received not later than 10:00 a.m. (Calgary time) on Thursday, January 5, 2012 or not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of any adjournment of the Twin Butte Meeting. The website may be used to appoint a proxyholder to attend and vote on a Twin Butte Shareholder's behalf at the Twin Butte Meeting and to convey a Twin Butte Shareholder's voting instructions. Please note that if a Twin Butte Shareholder appoints a proxyholder and submits its voting instructions and subsequently wishes to change its appointment, a Twin Butte Shareholder may resubmit its proxy, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

December 9, 2011

AUDITOR'S CONSENT

We have read the Joint Information Circular of Emerge Oil & Gas Inc. ("**Emerge**") and Twin Butte Energy Ltd. ("**Twin Butte**") dated December 9, 2011 (the "**Circular**") relating to the proposed plan of arrangement involving Twin Butte, Emerge and the shareholders of Emerge. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Emerge on the balance sheets of Emerge as at December 31, 2010 and 2009 and the statements of operations, comprehensive loss and deficit and cash flows for the years then ended. Our report is dated March 22, 2011.

"KPMG LLP"

Chartered Accountants
Calgary, Canada

December 9, 2011

AUDITOR'S CONSENT

We have read the Notice of Special Meeting and Joint Information Circular of Twin Butte Energy Ltd. ("**Twin Butte**") and Emerge Oil & Gas Inc. ("**Emerge**") dated December 9, 2011 (the "**Circular**") relating to the proposed plan of arrangement involving Twin Butte, Emerge and the shareholders of Emerge. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the shareholders of Twin Butte on the balance sheets of Twin Butte as at December 31, 2010 and 2009 and the statements of loss, comprehensive loss and deficit, and cash flows for the years then ended. Our report is dated March 22, 2011.

"PricewaterhouseCoopers LLP"

Chartered Accountants
Calgary, Alberta

APPENDIX A-1

EMERGE RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") involving Emerge Oil & Gas Inc. ("**Emerge**"), the shareholders of Emerge and Twin Butte Energy Ltd. ("**Twin Butte**") substantially as set out in the plan of arrangement (the "**Plan of Arrangement**") attached as Schedule "A" to Appendix D to the joint information circular of Emerge and Twin Butte dated December 9, 2011, is hereby authorized, approved and adopted.

2. The Plan of Arrangement is hereby authorized, approved and adopted.

3. The arrangement agreement between Emerge and Twin Butte dated as of November 13, 2011 (the "**Arrangement Agreement**"), and all transactions contemplated therein, the actions of the directors of Emerge in approving the Arrangement and the actions of the directors and officers of Emerge in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified, confirmed and approved.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Emerge in accordance with the interim order of the Court of Queen's Bench of Alberta (the "**Court**") or that the Arrangement has been approved by the Court, the directors of Emerge are hereby authorized and empowered, without further approval of the shareholders of Emerge: (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or Plan of Arrangement, as the case may be; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.

5. Any one director or officer of Emerge is hereby authorized and directed for and on behalf of and in the name of Emerge to execute, under the seal of Emerge or otherwise, and to deliver for filing to the Registrar of Corporations under Section 193 of the ABCA all such documents as are necessary or desirable to give effect to the Plan of Arrangement in accordance with the Arrangement Agreement.

6. Any one director or officer of Emerge is hereby authorized and directed for and on behalf of and in the name of Emerge to execute or cause to be executed, under the seal of Emerge or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX A-2

TWIN BUTTE RESOLUTION

BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT pursuant to the terms of an arrangement agreement between Twin Butte Energy Ltd. ("**Twin Butte**") and Emerge Oil & Gas Inc. ("**Emerge**") dated as of November 13, 2011 (the "**Arrangement Agreement**") under which Twin Butte will acquire all of the outstanding common shares of Emerge (the "**Emerge Shares**") by way of an arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta), all as described in the joint information circular of Twin Butte and Emerge dated December 9, 2011 (the "**Circular**") and as set forth in the plan of arrangement attached as Schedule "A" to Appendix D to the Circular, subject to all conditions set forth in the Arrangement Agreement being met or waived, the shareholders of Twin Butte hereby approve:

1. The issuance of up to 55,476,580 common shares in the capital of Twin Butte such is required to acquire all of the outstanding Emerge Shares pursuant to the Arrangement; and

2. Any one director or officer of Twin Butte is hereby authorized and directed for and on behalf of and in the name of Twin Butte to execute or cause to be executed, under the seal of Twin Butte or otherwise, and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX B

INTERIM ORDER

COURT FILE NUMBER	**1101 - 16514**
COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
APPLICANT	EMERGE OIL & GAS INC.
RESPONDENTS	NONE
DOCUMENT	**INTERIM ORDER**

Clerk's Stamp

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

Borden Ladner Gervais
Centennial Place, East Tower
1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3
Telephone: (403) 232-9500
Facsimile: (403) 266-1395

Attention: David T. Madsen

File No. 436975/000036

DATE ON WHICH ORDER WAS PRONOUNCED: DECEMBER 6, 2011

LOCATION WHERE ORDER WAS PRONOUNCED: CALGARY

NAME OF JUDGE WHO MADE THIS ORDER: THE HONOURABLE JUSTICE B.E.C. ROMAINE

UPON the Originating Application of Emerge Oil & Gas Inc. ("**Emerge**") pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended ("**ABCA**");

AND UPON reading the said Originating Application and the Affidavit of Thomas J. Greschner and the documents sworn to therein;

AND UPON it appearing that notice of this application has been given to the Executive Director of the Alberta Securities Commission as required by subsection 193(8) of the ABCA and that the Executive Director of the Alberta Securities Commission neither consents to nor opposes it;

AND UPON hearing counsel for Emerge;

FOR THE PURPOSES OF THIS ORDER:

(a) the capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the draft joint management information circular of Emerge and Twin Butte Energy Ltd. ("**Twin Butte**"), which is attached as Exhibit "A" to the Affidavit of Thomas J. Greschner sworn December 6, 2011 (the "**Information Circular**"); and

(b) all references to the "**Arrangement**" means the plan of arrangement pursuant to the ABCA involving Emerge, Twin Butte and the Emerge Shareholders in the form attached as Schedule "A" to the Arrangement Agreement which is attached as Appendix D to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. Emerge shall seek approval of the Arrangement by the Emerge Shareholders in the manner set forth below.

The Meeting

2. Emerge shall convene a special meeting (the "**Meeting**") of Emerge Shareholders at 9:00 a.m. (Calgary Time) on January 9, 2012 to consider passing, with or without variation, a special resolution (the "**Arrangement Resolution**") to approve the Arrangement and to transact such further and other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof. A true copy of the Arrangement Resolution in its substantially final form is attached as Appendix A-1 to the Information Circular.

3. The only persons entitled to attend and speak at the Meeting shall be the Emerge Shareholders and their authorized representatives, the auditors of Emerge and the directors of Emerge, as well as representatives of Twin Butte, and such other persons permitted by the Chairman of the Meeting.

Notice of Meeting

4. Emerge shall send: the (i) a notice of the Meeting; (ii) Notice of Originating Application; (iii) this Order; and (iv) the Information Circular in substantially the form contained in the Affidavit, with

such amendments thereto as counsel for Emerge may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Order, to the registered Emerge Shareholders of record as of December 9, 2011 (the "**Record Date**") (which shall not change in the event of any postponement or adjournment of the Meeting), to the directors and auditors of Emerge by mailing them by prepaid ordinary mail, or by sending them by direct courier at the expense of Emerge, to such persons at least 21 days prior to the date of the Meeting, excluding the date of mailing or sending by courier and including the date of the Meeting. Such mailing or sending by courier shall constitute good and sufficient service of the Notice of Originating Application, the notice of the Meeting, this Order, the hearing in respect of the Originating Application and the application for the Final Order approving the Arrangement.

5. The only persons entitled to notice of the Meeting shall be the registered Emerge Shareholders as they may appear on the records of Emerge as at the close of business on the Record Date, the directors of Emerge and auditors of Emerge, and the only persons entitled to be represented and to vote at the Meeting, either in person or by proxy, shall be such Emerge Shareholders, subject to the provisions of Section 137 of the ABCA. Any usual or common form of instrument of proxy may be used for such purpose.

6. The mailings specified in paragraph 4 hereof shall be deemed, for the purposes of this Order, to have been received by the Emerge Shareholders: (a) in the case of mailing, when deposited in a post office box or public letter box; (b) in the case of delivery in person, upon personal delivery to such person at the address as it appears on the security registers of Emerge as at the Record Date; and (c) in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch.

7. The accidental omission to give notice of the Meeting to, or the non-receipt of such notice by, one or more of the persons specified in paragraph 4 hereof, shall not invalidate any resolution passed or proceedings taken at the Meeting.

8. Subsequent to the provision to the registered Emerge Shareholders of information referred to in paragraph 4 herein, Emerge and Twin Butte are authorized to make such amendments, revisions, updates or supplements to the Arrangement as they may determine necessary and proper, and the Arrangement as so amended, revised or supplemented shall be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, as the case may be.

9. Notice of any material amendments, revisions, updates, or supplements to any of the information provided pursuant to paragraph 4 of this Order may be communicated to Emerge Shareholders by press release, newspaper advertisement or by notice to the Emerge Shareholders by one of the methods specified in paragraph 4 of this Order, as determined to be the most appropriate method of communication by the board of directors of Emerge.

Chairman

10. Any director or officer of Emerge, or, failing them, any person to be chosen at the Meeting, shall be the Chairman of the Meeting.

Scrutineers

11. Scrutineers for the Meeting shall be Olympia Trust Company (acting through its representatives for that purpose) (the "**Scrutineers**"). The duties of the Scrutineers shall be, *inter alia*, to monitor and report on attendance and to monitor and report on all ballots and motions taken at the Meeting. The duties of the Scrutineers shall extend to:

    (a) monitoring and reporting to the Chairman on the deposit and validity of proxies;

    (b) reporting to the Chairman on the quorum of the Meeting;

    (c) reporting to the Chairman on any polls taken or ballots cast at the Meeting; and

    (d) providing to Emerge and to the Chairman written reports on matters related to their duties.

Deposit of Proxies

12. To be valid, proxies must be deposited with the Scrutineers at the office of the Scrutineers designated in the Notice of Meeting, or with persons appointed by the Scrutineers for that purpose, not later than 9:00 a.m. (Calgary time) two business days immediately preceding the date of the Meeting or any adjournment or postponement thereof.

13. To be valid, proxies must be completed and executed in accordance with the instructions contained thereon. Proxies must be delivered to the Scrutineers either in person, or mail or courier or by facsimile prior to or by the time prescribed in paragraph 12 above.

14. The Chairman is authorized to, but need not, accept any form of proxy other than the forms prescribed herein which is reasonably believed by the Chairman to be in a lawful form, to be genuine, and to indicate the voting intention of the Emerge Shareholder or its proxy.

Revocation of Proxies

15. Proxies given by Emerge Shareholders for use at the Meeting may be revoked before the proxy is exercised. In addition to revocation in any other manner permitted by law, Emerge Shareholders giving a proxy may revoke the proxy by an instrument in writing signed and delivered to the Scrutineers, at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or deposited with the Chairman at or before the Meeting or any adjournment or postponement thereof at or prior to the commencement of the Meeting. The document used to revoke a proxy must be in writing, completed and signed by the Emerge Shareholder or his attorney authorized in writing or, if the Emerge Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized to execute same. A registered Emerge Shareholder who has given a proxy may attend the Meeting in person (or where the Emerge Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or abstain from voting).

Waiver

16. The right is reserved to the Chairman to waive any timing or deposit requirement (individually in any particular case or collectively in any series of cases) prescribed above with respect to the deposit of proxies, provided that he instructs the Scrutineers prior to the last time at which any proxy or revocation is to be used.

Quorum, Adjournments and Postponements

17. The quorum at the Meeting shall be two persons present in person, being Emerge Shareholders entitled to vote thereat or a duly appointed proxy or representative for absent Emerge Shareholders so entitled, and representing in the aggregate not less than 5% of the outstanding Emerge Shares carrying voting rights at the Meeting. If within half an hour after the time fixed for the Meeting, a quorum is not present, the Meeting will be reconvened to a new Meeting date selected by the Chairman. If the Chairman selects a new Meeting date that is less than thirty days after the original Meeting date is shall not be necessary to give any further notice of the

reconvened Meeting. If the Chairman selects a new Meeting date that is more than thirty days after the original Meeting date, notice of the reconvened Meeting shall be given to each Emerge Shareholder. At such reconvened Meeting, the quorum will consist of the Emerge Shareholders then present in person or represented by proxy.

18. Notwithstanding the provisions of the ABCA, Emerge, if it deems it so advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Emerge Shareholders respecting the adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by such method as Emerge may determine is appropriate in the circumstances, including by press release, news release, newspaper advertisement, or by notice sent to the Emerge Shareholders by one of the methods specified in this Interim Order. In all other respects, the Meeting shall be conducted in accordance with the ABCA, subject to such modifications as may be adopted herein or provided for in the Arrangement Agreement.

Voting

19. Spoiled votes, illegible votes, defective votes and abstentions shall be deemed not to be votes cast. Proxies that are properly signed, but which do not contain voting instructions shall be voted in favour of the Arrangement Resolution.

Approval

20. At the Meeting, Emerge Shareholders will have one vote for each Emerge Share held. The Arrangement Resolution must be approved by:

    (a) not less than 66⅔% of the votes cast by Emerge Shareholders, present in person or by proxy at the Emerge Meeting; and

    (b) a simple majority of the votes cast by the Emerge Shareholders, present in person or by proxy at the Emerge Meeting, after excluding the votes required by Multilateral Instrument 61-101 – *Take-Over Bids and Special Transactions* as more fully described in the Information Circular under "*The Arrangement – Shareholder Approval – Minority Approval*".

Dissent Rights of Emerge Shareholders

21. The registered Emerge Shareholders as of the Record Date are entitled to a right of dissent analogous to the right under Section 191 of the ABCA, as modified by this Order and the Arrangement, in connection with the Arrangement Resolution ("**Dissent Rights**"). Upon compliance with the provisions of Section 191 of the ABCA as modified by this Order and the Arrangement, a Dissenting Emerge Shareholder is entitled to receive from Twin Butte, under the Arrangement and subject to the provisions of the ABCA, the fair value of their Emerge Shares for which they exercise Dissent Rights, determined as of the close of business on the last business day before the date on which the Arrangement Resolution is approved by the Emerge Shareholders.

22. A holder of Emerge Shares cannot exercise Dissent Rights in respect of only a portion of such holder's Emerge Shares but may dissent only with respect to all of the Emerge Shares held by the holder.

23. Notwithstanding subsection 191(5) of the ABCA, the written objection required to be sent to Emerge by a Dissenting Emerge Shareholder pursuant to subsection 191(5) of the ABCA must be received by Emerge c/o Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 – 3rd Avenue S.W. Calgary, Alberta T2P 0R3 (Attention: William Guinan) by 4:00 p.m. (Calgary time) on the second business day immediately preceding the date of the Meeting (or any date to which the Meeting may be adjourned or postponed), and the objection must otherwise comply with the requirements of Section 191 of the ABCA, as modified by this Order.

24. Any Emerge Shareholder who votes Emerge Shares at the Meeting, either in person or by proxy, in favour of the Arrangement Resolution approving the Arrangement shall not be entitled to exercise Dissent Rights.

25. The Dissent Rights shall constitute the only rights of dissent regarding the Arrangement for the Emerge Shareholders.

26. Notice to Emerge Shareholders of the Dissent Rights regarding the Arrangement Resolution approving the Arrangement and the right to receive, subject to the provisions of the ABCA, the fair value of their Emerge Shares, shall be sufficiently given by a description of those rights in the Information Circular to be sent to Emerge Shareholders in accordance with this Order.

27. A vote against the Arrangement Resolution or an abstention shall not constitute the written objection required under paragraph 23 above.

28. Any Dissenting Emerge Shareholder who duly exercises Dissent Rights and who:

(a) is determined to be entitled to be paid the fair value of his or her Emerge Shares shall be deemed to have transferred those Emerge Shares as of the Effective Time, without any further act or formality and free and clear of all liens, claims and encumbrances to Twin Butte in consideration for a payment of cash by Twin Butte equal to their fair value; or

(b) is, for any reason, including electing to withdraw their dissent, determined by this Honourable Court not to be entitled to be paid the fair value of his or her Emerge Shares, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-Dissenting Emerge Shareholder,

but in no case shall Emerge or Twin Butte be required to recognize any such Emerge Shareholders as shareholders of Emerge at or after the date upon which the Arrangement becomes effective and the names of all such Emerge Shareholders shall be deleted from the applicable register of Emerge Shares.

29. The application of Section 191 of the ABCA to the Dissent Rights shall be modified to the extent that references to "the corporation" in subsections 191(6) to (20) of the ABCA (other than the references in subsections 191(6)(b) and 191(16)(b)) shall be deemed to refer to Twin Butte and the application of subsection 191(19) to the Dissent Rights shall be modified to provide that a Dissenting Emerge Shareholder who withdraws his or her notice of objection shall be deemed to have participated in the Arrangement as an Emerge Shareholder.

Final Application

30. Upon approval of the Arrangement at the Meeting in the manner set forth in this Order, Emerge may proceed with an application before this Court for a Final Order for approval of the Arrangement at 2:00 p.m. (Calgary time) on January 9, 2012 at the Calgary Courts Centre, Calgary, Alberta or so soon thereafter as counsel may be heard or on such other date and time as this Honourable Court may direct.

31. Any Emerge Shareholder or other interested party desiring to support or oppose the application for final approval of the Arrangement may appear at the time of the hearing in person or by

counsel for that purpose, provided such Emerge Shareholder or other interested party files with the Court and serves upon Borden Ladner Gervais LLP on or before 10:00 a.m. (Calgary time) on January 5, 2012, a Notice of Intention to Appear, setting out such Emerge Shareholder's or other interested party's address for service and indicating whether such Emerge Shareholder or other interested party intends to support or oppose the application or make submissions, together with any evidence or materials which are to be presented to the Court. Service of such notice shall be effected by service upon Borden Ladner Gervais LLP, 1900, 520-3rd Avenue S.W., Calgary, Alberta, T2P 0R3, Attention: William Guinan.

32. In the event that the application for final approval of the Arrangement is adjourned, only those parties appearing before this Court and those parties who have filed and served a Notice of Intention to Appear in accordance with paragraph 31 above shall have notice of the adjourned date.

General

33. Service of notice of the application for this Interim Order on any person is hereby deemed good and sufficient.

34. Emerge shall be entitled at any time to seek leave to vary this Interim Order upon such terms and the giving of such notice as this Honourable Court may direct.

"*B.E.C. Romaine*"

J.C.C.Q.B.A.

APPENDIX C

NOTICE OF ORIGINATING APPLICATION

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

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

AND IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING EMERGE OIL & GAS INC., THE SHAREHOLDERS OF EMERGE OIL & GAS INC. AND TWIN BUTTE ENERGY LTD.

NOTICE IS HEREBY GIVEN that an application ("**Application**") has been filed by Emerge Oil & Gas Inc. ("**Emerge**" or the "**Applicant**") for an order approving a proposed plan of arrangement (the "**Arrangement**") pursuant to Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), which Arrangement is described in greater detail in the Joint Information Circular of Emerge and Twin Butte Energy Ltd. dated December 9, 2011 accompanying this Notice of Originating Application. At the hearing on the Application, the Applicant intends to seek:

(a) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair to the persons affected;

(b) a declaration that the Arrangement will, upon the filing of Articles of Arrangement pursuant to Section 193 of the ABCA and the issuance of the Proof of Filing of Articles of Arrangement under the ABCA, become effective in accordance with its terms;

(c) an order approving the Arrangement pursuant to the provisions of Section 193 of the ABCA; and

(d) such other and further orders, declarations and directions as the Court (as defined herein) may deem just.

AND NOTICE IS FURTHER GIVEN that the Application is directed to be heard at the Court House, 601 – 5th Street, Calgary, Alberta on the 9th day of January, 2012 at 2:00 p.m. (Calgary time), or so soon thereafter as counsel may be heard. Any shareholder of Emerge or any other interested party desiring to support or oppose the Application may appear at the time of the hearing in person or by counsel for that purpose. **Any shareholder of Emerge or any other interested party desiring to appear at the hearing is required to file with the Court of Queen's Bench of Alberta, Judicial District of Calgary (the "Court"), and serve upon the Applicant, on or before 10:00 a.m. (Calgary time) on January 5, 2012, a notice of its intention to appear, including an address for service in Calgary, Alberta (or alternatively, a telecopier number for service by telecopy), together with any evidence or materials which are to be presented to the Court.** Service on the Applicant is to be effected by delivery to the solicitors for the Applicant at Borden Ladner Gervais LLP, Centennial Place, East Tower, 1900, 520 Third Avenue S.W., Calgary, Alberta T2P 0R3, Attention: William Guinan.

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

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

AND NOTICE IS FURTHER GIVEN that the Court, by an order dated December 9, 2011, has given directions as to the calling of a special meeting of the holders of the common shares of Emerge to have such holders vote upon a resolution to approve the Arrangement and, in particular, has directed that the holders of the common shares of Emerge shall have the right to dissent under Section 191 of the ABCA upon compliance with the terms of the interim order.

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

AND NOTICE IS FURTHER GIVEN that the court has been advised by the solicitors for the Applicant that its order approving the Arrangement, if granted, will constitute the basis for an exemption from the registration requirements of the United States *Securities Act of 1933*, as amended, pursuant to Section 3(a)(10) thereof, with respect to the issuance of the common shares of Twin Butte Energy Ltd. issuable to the shareholders of Emerge pursuant to the Arrangement.

DATED at Calgary, Alberta, this 9th day of December, 2011.

BY ORDER OF THE BOARD OF DIRECTORS OF EMERGE OIL & GAS INC.

(signed) "*Thomas Greschner*"

Thomas Greschner
President and Chief Executive Officer

APPENDIX D

ARRANGEMENT AGREEMENT

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 13th day of November, 2011,

BETWEEN:

TWIN BUTTE ENERGY LTD., a corporation amalgamated under the laws of the Province of Alberta ("**TBE**")

- and -

EMERGE OIL & GAS INC., a corporation amalgamated under the laws of the Province of Alberta ("**EME**")

WHEREAS the Parties wish to propose an arrangement involving EME and its shareholders whereby TBE will acquire all of the issued and outstanding EME Shares;

AND WHEREAS the Parties intend to carry out the transactions contemplated by this Agreement by way of an arrangement under the provisions of the ABCA;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals hereto, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

(a) "**ABCA**" means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder;

(b) "**Acquisition Proposal**" means any inquiry or the making of any proposal or offer to EME or its shareholders from any person, whether or not subject to due diligence or other conditions and whether oral or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions): (i) an acquisition from EME or its shareholders of securities of EME (other than on exercise of currently outstanding EME Options) that, when taken together with the securities of EME held by the proposed acquirer, would constitute more than 20% of the voting equity securities of EME; (ii) any acquisition of all or a portion of the assets of EME representing more than 20% of the value ascribed to EME pursuant to the terms of this Agreement; (iii) an amalgamation, arrangement, merger, or consolidation involving EME; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, share exchange or similar transaction involving EME or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to TBE under this Agreement or the Arrangement;

(c) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Arrangement Agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

(d) "**Applicable Laws**" means all applicable corporate laws, rules of applicable stock exchanges including the TSX and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;

(e) "**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered by the EME Shareholders at the EME Meeting;

(f) "**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement;

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

(h) "**ARC**" means an advance ruling certificate pursuant to the Competition Act;

(i) "**Business Day**" means with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday in the Province of Alberta;

(j) "**Circular**" means the joint management proxy circular to be sent by EME to the EME Shareholders in connection with the EME Meeting and to be sent by TBE to the TBE Shareholders in connection with the TBE Meeting;

(k) "**Commissioner**" means the Commissioner of Competition under the Competition Act;

(l) "**Competition Act**" means the *Competition Act*, R.S.C. 1985, c. C-34, as amended;

(m) "**Competition Act Approval**" means that any one of the following shall have occurred (i) the Commissioner shall have issued an ARC pursuant to Section 102 of the Competition Act in respect of the transactions contemplated by this Agreement, (ii) the waiting period under Section 123(1) of the Competition Act shall have expired and the Commissioner shall have advised the Parties that she does not, at that time, intend to make an application for an order under Section 92 of the Competition Act in respect of the transactions contemplated by this Agreement on terms and conditions satisfactory to the Parties, acting reasonably, (iii) the Commissioner shall have provided notice to the Parties under Section 123(2) of the Competition Act that she does not, at that time, intend to make an application for an order under Section 92 of the Competition Act in respect of the transactions contemplated by this Agreement on terms and conditions satisfactory to the Parties, acting reasonably, or (iv) the Commissioner shall have, pursuant to Section 113(c) of the Competition Act, waived the obligation of the Parties to provide notice of the transactions contemplated by this Agreement pursuant to Section 114(1) of the Competition Act, and advised the Parties that she does not, at that time, intend to make an application for an order under Section 92 of the Competition Act in respect of the transactions contemplated by this Agreement on terms and conditions satisfactory to the Parties, acting reasonably;

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

(o) "**Depositary**" means Valiant Trust Company or such other person that may be appointed by and at the expense of TBE for the purpose of receiving deposits of certificates formerly representing EME Shares;

(p) "**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

(q) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA;

(r) "**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date and the Arrangement becomes effective;

(s) "**EME Board**" means the board of directors of EME;

(t) "**EME Confidentiality Agreement**" means the confidentiality agreement between EME and TBE dated March 9, 2011;

(u) "**EME Credit Facility**" means the $75.0 million revolving credit facility that EME has with a syndicate of banks;

(v) "**EME Disclosure Letter**" means the letter of EME addressed to TBE dated the date of this Agreement providing disclosure of certain information;

(w) "**EME Information**" means the information describing EME and its business, operations and affairs specifically provided by EME to TBE for inclusion or incorporation by reference in the Circular;

(x) "**EME Financial Statements**" means, collectively, the audited financial statements of EME for the years ended December 31, 2010 and 2009, together with the notes thereto and the report of the auditors thereon and the interim unaudited financial statements of EME for the three and nine months ended September 30, 2011;

(y) "**EME Lock-up Agreements**" means agreements between TBE and the EME Lock-Up Shareholders, pursuant to which the EME Lock-Up Shareholders have agreed to vote the EME Shares beneficially owned or controlled or subsequently acquired by the EME Lock-Up Shareholders in favour of the Arrangement Resolution and to otherwise support the Arrangement;

(z) "**EME Lock-up Shareholders**" means those EME Shareholders that have entered into EME Lock-Up Agreements with TBE;

(aa) "**EME Meeting**" means the special meeting of EME Shareholders to consider the Arrangement Resolution and related matters, and any adjournments thereof;

(bb) "**EME Options**" means the outstanding stock options of EME, whether or not vested, entitling the holders thereof to acquire EME Shares;

(cc) "**EME Public Record**" means all information filed by or on behalf of EME after December 31, 2010 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws;

(dd) "**EME Reserves Report**" means the independent engineering evaluations of EME's oil, natural gas liquids and natural gas interests prepared by McDaniel effective December 31, 2010 and dated February 24, 2011;

(ee) "**EME Shareholders**" means the holders from time to time of EME Shares;

(ff) "**EME Shares**" means common shares in the share capital of EME;

(gg) "**EME Transaction Costs**" means all costs and expenses incurred by EME in connection with the transactions contemplated by this Agreement, including the EME Meeting, including all contract termination costs, seismic transfer costs, legal, accounting, audit, engineering, financial advisory, proxy solicitation, printing and other administrative or professional fees, costs and expenses of third parties incurred by EME, but excluding all amounts payable by EME in respect of the Arrangement on the account of change of control and severance payments to its officers, directors, employees or consultants;

(hh) "**Encumbrance**" includes, without limitation, any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried, participation, net profits or other third party interest and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

(ii) "**Environment**" means the natural environment (including soil, land surface or subsurface strata, surface waters, groundwater, sediment, ambient air (including all layers of the atmosphere), organic and inorganic matter and living organisms, and any other environmental medium or natural resource;

(jj) "**Environmental Laws**" means, with respect to any person or its business, activities, property, assets or undertaking, all federal, provincial, municipal or local laws of any Governmental Authority or of any court, tribunal or other similar body, relating to environmental or health matters in the jurisdictions applicable to such person or its business, activities, property, assets or undertaking, including legislation governing the use and storage of Hazardous Substances;

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

(ll) "**GAAP**" has the meaning ascribed thereto in Section 1.7;

(mm) "**Governmental Authority**" means any Canadian federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality;

(nn) "**Hazardous Substances**" means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof or synthetic substitutes therefor;

(oo) "**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in respect of EME, containing declarations and directions with respect to the Arrangement and the holding of the EME Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(pp) "**Issuance Resolution**" means the ordinary resolution of the TBE Shareholders approving the issuance of TBE Shares pursuant to the Arrangement;

(qq) "**Mailing Date**" means the date on which the Circular is mailed to the EME Shareholders in connection with the EME Meeting and the TBE Shareholders in connection with the TBE Meeting;

(rr) "**material adverse change**" or "**material adverse effect**" means, with respect to a Party, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, assets, properties, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), cash flows, or prospects of the Party and its subsidiaries, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) general economic, financial, currency exchange, securities or commodity prices in Canada or elsewhere, (ii) conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole, and not specifically relating to the Party and/or its subsidiaries, including changes in laws (including tax laws) and royalties, (iii) any decline in crude oil or natural gas prices on a current or forward basis, (iv) any matter which has been communicated in writing to the other Party or publicly disclosed as of the date hereof, or (v) any changes or effects arising from matters permitted or contemplated by this Agreement or consented to or approved in writing by the other Party;

(ss) "**McDaniel**" means McDaniel & Associates Consultants Ltd., independent petroleum consultants, Calgary, Alberta;

(tt) "**misrepresentation**" has the meaning ascribed thereto under Applicable Laws;

(uu) "**Parties**" means TBE and EME; and "**Party**" means either one of them;

(vv) "**Plan of Arrangement**" means the plan of arrangement substantially in the form set out in Schedule "A" to this Agreement as amended or supplemented from time to time in accordance with the terms hereof;

(ww) "**Registrar**" means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA;

(xx) "**Returns**" shall mean all reports, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

(yy) "**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada;

(zz) "**subsidiary**" means, with respect to a specified entity, any:

(i) body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified entity or indirectly by or for the benefit of such specified entity;

(ii) entity which is not a body corporate, of which more than 50% of the voting or equity interests of such entity (including, for a partnership other than a limited partnership, the voting or equity interests in such partnership) are owned, directly or indirectly, by such specified entity or indirectly by or for the benefit of such specified entity and in the case of a partnership (including a limited partnership), of which such specified entity, or a subsidiary of such specified entity, is a general partner; and

(iii) any issuer that would constitute a subsidiary as defined in the *Securities Act* (Alberta);

(aaa) "**Superior Proposal**" has the meaning set forth in Section 3.4(b)(v)(A);

(bbb) "**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time;

(ccc) "**Taxes**" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof; imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), goods and services taxes, harmonized sales taxes, payroll and employee withholding taxes, employment insurance, Canada Pension Plan contributions, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party is required to pay, withhold, remit or collect;

(ddd) **"TBE Board**" means the board of directors of TBE;

(eee) "**TBE Confidentiality Agreement**" means the confidentiality agreement between TBE and EME dated October 18, 2011;

(fff) "**TBE Disclosure Letter**" means the letter of TBE addressed to EME dated the date of this Agreement providing disclosure of certain information;

(ggg) "**TBE Financial Statements**" means the audited financial statements of TBE for the years ended December 31, 2010 and 2009, together with the notes thereto and the report of the auditors thereon and the interim unaudited financial statements of TBE for the three and nine months ended September 30, 2011;

(hhh) "**TBE Lock-up Agreements**" means agreements between EME and the TBE Lock-Up Shareholders, pursuant to which the TBE Lock-Up Shareholders have agreed to vote the TBE Shares beneficially owned or controlled or subsequently acquired by the TBE Lock-Up Shareholders in favour of the Issuance Resolution and to otherwise support the Arrangement;

(iii) "**TBE Lock-up Shareholders**" means those TBE Shareholders that have entered into TBE Lock-Up Agreements with EME;

(jjj) "**TBE Information**" means the information describing TBE and its business, operations and affairs specifically provided by TBE to EME for inclusion or incorporation by reference in the Circular;

(kkk) "**TBE Meeting**" means, if required, the special meeting of TBE Shareholders to be held to consider the Issuance Resolution, including any adjournment(s) thereof;

(lll) "**TBE Public Record**" means all information filed by or on behalf of TBE after December 31, 2010 with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws;

(mmm) "**TBE Reserves Report**" means the independent engineering evaluation of TBE's oil, natural gas liquids and natural gas interests prepared by McDaniel effective December 31, 2010 and dated March 7, 2011;

(nnn) "**TBE Shareholders**" means the holders from time to time of TBE Shares;

(ooo) "**TBE Shares**" means common shares in the share capital of TBE as constituted on the date hereof;

(ppp) "**TSX**" means the Toronto Stock Exchange;

(qqq) "**United States**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

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

(sss) "**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day.

1.5 Entire Agreement

This Agreement, the EME Confidentiality Agreement and the TBE Confidentiality Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof. To the extent there is any inconsistency between this Agreement and the EME Confidentiality Agreement and/or the TBE Confidentiality Agreement, this Agreement shall supersede the EME Confidentiality Agreement and/or the TBE Confidentiality Agreement.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles applicable to publicly accountable enterprises at the relevant time ("**GAAP**"); and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with GAAP.

1.8 Disclosure in Writing

Reference to disclosure in writing herein shall, in the case of TBE, include disclosure to TBE or its representatives, or in the case of EME, include disclosure to EME or its representatives.

1.9 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.10 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.11 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of the senior officers of the Party.

1.12 Interpretation Not Affected by Party Drafting

The Parties acknowledge that their respective legal counsel have reviewed and participated in negotiating, drafting and settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.13 Schedules

The following schedule attached hereto is incorporated into and forms an integral part of this Agreement:

Schedule A – Plan of Arrangement

ARTICLE 2
THE ARRANGEMENT AND MEETING

2.1 Plan of Arrangement

The Parties agree that the Arrangement, pursuant to which, among other things, holders of EME Shares shall receive, for each EME Share held, 0.585 of a TBE Share, shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order, Final Order, etc.

(a) EME shall, by not later than December 6, 2011 or such later date as may be agreed to by TBE, apply to the Court, in a manner reasonably acceptable to TBE, for the Interim Order and thereafter diligently seek the Interim Order and, upon receipt thereof, EME shall forthwith carry out the terms of the Interim Order to the extent applicable to it. The Interim Order shall provide, among other things:

(i) for the class of persons to whom notice is to be provided in respect of the Arrangement and the EME Meeting and for the manner in which such notice is to be provided;

(ii) that the EME Shareholders shall be entitled to vote with respect to the Arrangement Resolution, with each EME Shareholder being entitled to one vote for each EME Share held;

(iii) that the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the EME Shareholders present in person or by proxy at the EME Meeting, subject to any other voting approval required by Applicable Laws;

(iv) that in all other respects, the terms, restrictions and conditions of EME's articles and by-laws, including quorum requirements and all other matters shall apply in respect of the EME Meeting;

(v) for the grant of Dissent Rights as provided for in the Plan of Arrangement; and

(vi) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(b) Provided all necessary approvals for the Arrangement Resolution are obtained from the EME Shareholders, and all necessary approvals for the Issuance Resolution are obtained from the TBE Shareholders, EME shall, as soon as practicable following the EME Meeting, submit the Arrangement to the Court and apply for the Final Order; and

(c) Forthwith following the issuance of the Final Order and subject to the conditions precedent in Article 5, EME shall proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to Subsection 193(10) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without any act or formality.

2.3 Circular and Meetings

(a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, the Parties shall: (i) prepare the Circular and cause the Circular to be mailed to the EME Shareholders and the TBE Shareholders and filed with applicable Securities Authorities, other regulatory authorities and other Governmental Authorities in all jurisdictions where the same is required to be mailed and filed; and (ii) call and give notice of the EME Meeting and the TBE Meeting;

(b) TBE shall, in a timely manner, furnish EME with the TBE Information and EME shall, in a timely manner, furnish TBE with the EME Information in order that the Parties can comply with the timeline set forth in this Section 2.3; and

(c) The Parties shall cooperate in the preparation, filing and mailing of the Circular. EME shall provide TBE and its representatives with a reasonable opportunity to review and comment on the Circular and any other relevant documentation and reasonable consideration shall be given to any comments made by TBE, provided that all information relating solely to TBE included in the Circular shall be in form and content satisfactory to TBE and provided that the Circular shall comply in all respects with Applicable Laws. TBE shall provide EME and its representatives with a reasonable opportunity to review and comment on the Circular and any other relevant documentation and reasonable consideration shall be given to any comments made by EME, provided that all information relating solely to EME included in the Circular shall be in form and content satisfactory to EME and provided that the Circular shall comply in all respects with Applicable Laws.

2.4 General

(a) EME shall permit TBE and its counsel to review and comment upon drafts of all material to be filed by EME with the Court in connection with the Arrangement and any supplement or amendment thereto and provide counsel to TBE on a timely basis with copies of any notice of appearance and evidence served on EME or its counsel in respect of the application for the Interim Order and/or the Final Order or any appeal therefrom and of any notice (written or oral) received by EME indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order; and

(b) EME shall not file any material with the Court in connection with the Arrangement or serve any such material and shall not agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of TBE, such consent not to be unreasonably withheld or delayed.

2.5 Recommendations of EME Board

Based upon, among other things, the opinion of Peters & Co. Limited, the EME Board has unanimously determined that the Arrangement is in the best interests of EME and unanimously approved the Arrangement and the entering into of the Arrangement Agreement and has resolved unanimously to recommend EME Shareholders vote in favour of the Arrangement. Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included, along with the written fairness opinion of Peters & Co. Limited, confirming the aforementioned opinion of such financial advisor, in the Circular.

2.6 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date.

2.7 Treatment of EME Options

The EME Disclosure Letter sets forth full particulars of EME Options outstanding as of the date hereof, including without limitation the following: the names of the holders of EME Options; the date of grant and the date of expiry of all EME Options; the exercise price of each EME Option; and the number of EME Options held by each EME Optionholder. The Parties acknowledge and agree that the vesting of the outstanding EME Options will be accelerated and that all such EME Options will become exercisable prior to the Effective Time. EME covenants and agrees that it will use all commercially reasonable efforts to cause all of the holders of outstanding EME Options to enter into agreements with EME, in a form satisfactory to TBE, acting reasonably, providing that such EME Options shall be exercised, or, subject to the receipt of applicable regulatory approvals, if any, surrendered for a cash payment equal to the "in the-money-amount" per EME Option (which "in-the-money amount" shall be calculated by subtracting the product of the 5 day volume weighted average trading price of the TBE Shares on the TSX ending on the third Business Day immediately prior to the Effective Date multiplied by 0.585 from the exercise price of such EME Option) prior to the Effective Date and holders of such EME Options shall have paid any withholding taxes applicable on such exercise (or such withholding taxes will be deducted from severance payments owing to holders of such EME Options); or failing that, cancelled for nominal consideration not exceeding $0.001 per EME Option.

2.8 Transaction Costs

EME covenants and agrees that the EME Transaction Costs will not exceed $1,800,000 in the aggregate, which shall include financial advisory fees which EME estimates will not exceed $1,400,000 and legal fees which EME estimates will not exceed $250,000.

2.9 Employees

The employment of certain officers, employees and consultants of EME shall be terminated at the Effective Time and such officers and employees shall be entitled (on the condition that such officers, employees and consultants have executed full and final mutual releases in a form satisfactory to TBE and the officers, employees and consultants, each acting reasonably) to the amount of change of control and severance payments set forth in the EME Disclosure Letter but not in any event exceeding $1,800,000 in the aggregate (which, for greater certainty does not include the "in-the-money" amount of the EME Options determined in accordance with Section 2.7).

2.10 Indemnities and Directors' and Officers' Insurance

(a) TBE agrees that EME and its successors shall fulfill its obligations pursuant to indemnities provided or available to past and present officers and directors of EME pursuant to the provisions of the constating documents of EME, applicable corporate legislation and any written indemnity agreements which have been entered into between EME and its current officers and directors effective on or prior to the date hereof; and

(b) Prior to the Effective Date, EME shall be entitled to secure "run off" directors' and officers' liability insurance for its current officers and directors, provided that such insurance is approved by TBE, acting reasonably, covering claims made prior to or within 6 years after the Effective

Date and TBE agrees to not take or permit any action to be taken by or on behalf of EME to terminate or adversely affect such directors' and officers' insurance.

2.11 Fairness Opinion

EME will use commercially reasonable efforts to obtain a written opinion from Peters & Co. Limited to the effect that the consideration to be received by the EME Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the EME Shareholders and include a copy of such opinion in the Circular.

2.12 Alternative Transaction

Notwithstanding anything else in this Agreement, if TBE so elects in its sole discretion, the Parties shall cooperate to implement the transactions contemplated hereby by way of a take-over bid for all of the EME Shares with a minimum tender condition of 66 2/3% of the issued and outstanding EME Shares and on economic terms having consequences to the EME Shareholders that are economically equivalent to those contemplated by this Agreement (an "**Alternative Transaction**"). If necessary, the Parties agree to use their reasonable commercial efforts to execute and deliver an agreement to give effect to an Alternative Transaction, to otherwise fulfill their respective covenants contained in this Agreement in respect of the Alternative Transaction and to prepare the documentation within the time frames contemplated in this Agreement with respect to the Alternative Transaction in accordance with Applicable Laws.

2.13 Tax Withholdings

TBE shall be entitled to deduct and withhold from any consideration otherwise payable to any EME Shareholder, and, for greater certainty, from any amount payable to an EME Shareholder who has validly exercised, and not withdrawn, Dissent Rights, as the case may be, under the Plan of Arrangement, such amounts as TBE is required to deduct and withhold from such consideration in accordance with applicable tax laws and administrative policy of the Canada Revenue Agency. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid to the EME Shareholder, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. In connection with any amount required to be withheld pursuant to the Plan of Arrangement, TBE may direct the Depositary to withhold such number of TBE Shares that may otherwise be paid to such EME Shareholder under the Plan of Arrangement and to sell such shares on the TSX for cash proceeds to be used for such withholding.

2.14 U.S. Securities Laws

The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Final Order, the issuance of the TBE Shares issuable to EME Shareholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon Section 3(a)(10) thereof. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.14.

ARTICLE 3
COVENANTS

3.1 Covenants of TBE

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, except with the prior written consent of EME, and except as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) TBE's business shall be conducted only in the usual and ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), TBE shall consult with EME in respect of the ongoing business and affairs of TBE and keep EME apprised of all material developments relating thereto;

(b) TBE shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (iv) split, combine or reclassify any of its securities; (v) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution or reorganization of TBE; (vi) reduce the stated capital of TBE or any of its outstanding shares; or (vii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or adversely affect the consummation of the Arrangement;

(c) TBE shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(d) TBE shall promptly notify EME in writing of any material change (actual, anticipated, contemplated or, to the knowledge of TBE threatened, financial or otherwise) in its or its subsidiaries' business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by TBE in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and TBE shall in good faith discuss with EME any change in circumstances (actual, anticipated, contemplated, or to the knowledge of TBE threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to EME pursuant to this provision;

(e) TBE shall promptly advise EME in writing of any material breach by TBE of any covenant, obligation or agreement contained in this Agreement;

(f) TBE will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 5.1 and Section 5.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of TBE;

(g) TBE shall ensure that it has available funds under its lines of credit or other bank facilities to make, within the time periods contemplated herein the payment of the amount which may be required by Section 6.2 having regard to its other liabilities and obligations, and shall take all

such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;

(h) TBE shall cooperate with EME in the preparation of the Circular and provide to EME, in a timely and expeditious manner, the TBE Information for inclusion in the Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Laws on the date of issue thereof, and TBE shall provide EME and its representatives with a reasonable opportunity to review and comment on the TBE Information and any other relevant documentation and reasonable consideration shall be given to any comments made by EME;

(i) TBE shall provide notice to EME of the TBE Meeting and allow EME's representatives to attend such meeting;

(j) TBE shall ensure that the Circular has been prepared in compliance with Applicable Laws and shall include, without limitation, the recommendation of the TBE Board that the TBE Shareholders vote in favour of the Issuance Resolution provided that, notwithstanding the covenants of TBE in this subsection, prior to the completion of the Arrangement, the TBE Board may withdraw, modify or change the recommendation regarding the Issuance Resolution if, in the opinion of the TBE Board acting reasonably, having received the advice of its outside legal counsel, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the TBE Board or Applicable Law and, if applicable, provided TBE shall have complied with the provisions of Section 6.2;

(k) TBE shall indemnify and save harmless EME and the directors, officers and agents of EME from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which EME, or any director, officer or agent thereof, may be subject or which EME, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or alleged misrepresentation by TBE in the Circular;

(ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation by TBE in the Circular, which prevents or restricts trading in the TBE Shares; or

(iii) TBE not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that TBE shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular based solely on the EME Information included in the Circular;

(l) except for proxies and other non-substantive communications with the holders of TBE securities, TBE shall furnish promptly to EME or EME's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by TBE from holders of TBE securities or regulatory agencies in connection with: (i) the Arrangement; (ii) the TBE Meeting; (iii) any filings under

Applicable Laws in connection with the transactions contemplated by this Agreement; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated by this Agreement;

(m) TBE shall solicit proxies to be voted at the TBE Meeting in favour of matters to be considered at the TBE Meeting, including the Issuance Resolution;

(n) TBE shall conduct the TBE Meeting in accordance with the by-laws of TBE and any instrument governing the TBE Meeting, as applicable, and as otherwise required by law;

(o) TBE shall, on the Effective Date, provide to the Depositary an irrevocable direction authorizing and directing the Depositary to issue the TBE Shares issuable under the Arrangement to holders of the EME Shares and shall irrevocably direct the Depositary to distribute the TBE Shares to the holders of the EME Shares in accordance with the terms of the Arrangement;

(p) TBE shall use its reasonable commercial efforts to obtain the written consent of any third parties as are required for the consummation of the Arrangement or as otherwise contemplated hereby;

(q) TBE will furnish promptly to EME or EME's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by TBE in connection with: (i) the Arrangement; (ii) any filings under Applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with any Governmental Authority in connection with the transactions contemplated hereby;

(r) TBE shall use reasonable commercial efforts to resolve any material defects in title to its oil and natural gas properties of which it is aware prior to the Effective Time, and agrees to consult with EME with respect to all such steps as are proposed to be taken in connection therewith;

(s) TBE shall use all reasonable commercial efforts to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all Applicable Laws to complete the Arrangement, in accordance with the terms thereof, including using its reasonable commercial efforts to:

(i) obtain all necessary consents, approvals, authorizations and filings as are required to be obtained or made by TBE under any Applicable Law and to satisfy any condition provided for under this Agreement;

(ii) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affect their ability to consummate the Arrangement; and

(iii) co-operate with EME in connection with the performance by it of its obligations hereunder;

(t) TBE will use its reasonable commercial efforts to assist EME in obtaining the Interim Order and the Final Order and to carry out the intent or effect of this Agreement and the Arrangement; and

(u) TBE will make application to the TSX to list the TBE Shares that will be issuable to the EME Shareholders pursuant to the Arrangement and use its reasonable commercial efforts to obtain approval from the TSX, subject only to customary conditions, for the listing of such TBE Shares on the TSX upon completion of the Arrangement;

(v) TBE will ensure that an additional director nominated by EME shall be appointed to the TBE Board with effect as and from the Effective Time, which director will be the current President and Chief Executive Officer of EME; and

(w) TBE shall provide to EME all such information respecting its operations and affairs as may be reasonably requested from time to time by EME.

3.2 Covenants of EME

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, except with the prior written consent of TBE, and except as otherwise expressly permitted or specifically contemplated by this Agreement:

(a) EME's business shall be conducted only in the usual and ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property), EME shall consult with TBE in respect of the ongoing business and affairs of EME and keep TBE apprised of all material developments relating thereto;

(b) EME shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise of the currently outstanding EME Options in accordance with their terms), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of EME, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of EME; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of EME; (vii) pursue or complete any corporate acquisition or disposition, arrangement, merger, arrangement or make any material change to the business, capital or affairs of EME; (viii) reduce the stated capital of EME or any of its outstanding shares; (ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business consistent with past practice; (x) sell, dispose of, transfer, convey, encumber, surrender, release or abandon the whole or any part of its assets, other than production in the ordinary course; (xi) terminate any employees, except in accordance with this Agreement; (xii) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere or affect the consummation of the Arrangement; or (xiii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) EME shall not directly or indirectly: (i) sell, pledge, dispose of or encumber any assets, other than production in the ordinary course of business; (ii) expend or commit to expend any amount with respect to any capital expenditures having an individual value in excess of $50,000; (iii) expend or commit to expend any amounts with respect to any operating expenses other than in the ordinary course of business or having an individual value in excess of $50,000; (iv) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof which is not a subsidiary or affiliate of EME as of the date hereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (v) acquire any material assets; (vi) incur any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume,

guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or as otherwise contemplated in this Agreement or in respect of the Arrangement; (vii) authorize, recommend or propose any release or relinquishment or any material contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) pay, discharge or satisfy any material claims, liabilities or obligations except in the ordinary course of business; (x) enter into or terminate any hedges, swaps or other financial instruments or like transactions; (xi) enter into any agreements for the sale of production having a term of more than 30 days; (xii) enter into any agreement or understanding with regards to any lease for real property; or (xiii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

(d) other than severance and change of control payments to officers and employees in an aggregate amount not to exceed $1,800,000 (which, for greater certainty does not include the "in-the-money" amount of the EME Options determined in accordance with Section 2.7), EME shall not make any payment to any employee, consultant, officer or director outside of their ordinary and usual compensation for services provided;

(e) EME shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;

(f) EME shall not: (i) grant any officer, director, employee or consultant an increase in compensation in any form; (ii) pay or commit to pay any bonus to any employee or consultant; (iii) grant any general salary increase; (iv) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers, employees or consultants, except as contemplated herein; (v) adopt or amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan or the terms of any outstanding rights thereunder, other than to permit the "cash-less" exercise of EME Options; in accordance with Section 2.7 nor (vi) advance any loan to any officer, director, employee, consultant or any other party;

(g) EME shall cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;

(h) EME shall not make any amendments to the terms of the outstanding EME Options, other than to permit the acceleration of vesting thereof in accordance with the provisions herein or to permit the "cash-less" exercise of EME Options in accordance with Section 2.7;

(i) EME shall withhold from any payment made to any of its present or former employees, consultants, officers or directors in respect of any payments contemplated by this Agreement including, without limitation, in connection with the exercise, surrender or cancellation of EME

Options and payment of severance and change of control payments, all amounts required by law or administrative practice to be withheld by it on account of Taxes and other source deductions;

(j) EME shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by EME in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(k) EME shall promptly notify TBE in writing of any material change (actual, anticipated, contemplated or, to the knowledge of EME threatened, financial or otherwise) in its or its subsidiaries' business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by EME in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and EME shall in good faith discuss with TBE any change in circumstances (actual, anticipated, contemplated, or to the knowledge of EME threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to TBE pursuant to this provision;

(l) EME shall promptly advise TBE in writing of any material breach by EME of any covenant, obligation or agreement contained in this Agreement;

(m) EME will use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as practicable, to the extent the satisfaction of the same is within the control of EME;

(n) EME shall ensure that it has available funds to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.1 having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay such amount when required;

(o) EME shall use its reasonable commercial efforts to obtain the written consent of any third parties as are required for the consummation of the Arrangement or as otherwise contemplated hereby;

(p) EME shall cooperate with TBE in the preparation of the Circular and provide to TBE, in a timely and expeditious manner, the EME Information for inclusion in the Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Laws on the date of issue thereof, and EME shall provide TBE and its representatives with a reasonable opportunity to review and comment on the EME Information and any other relevant documentation and reasonable consideration shall be given to any comments made by TBE;

(q) EME shall provide notice to TBE of the EME Meeting and allow TBE's representatives to attend such meeting;

(r) EME shall ensure that the Circular has been prepared in compliance with Applicable Laws and shall include, without limitation, the determinations and recommendations of the EME Board pursuant to Section 2.5 and the fairness opinion contemplated by Section 2.11;

(s) EME shall indemnify and save harmless TBE and the directors, officers and agents of TBE from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which TBE, or any director, officer or

agent thereof, may be subject or which TBE, or any director, officer or agent thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or alleged misrepresentation by EME in the Circular;

(ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation by EME in the Circular, which prevents or restricts trading in the EME Shares; or

(iii) EME not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that EME shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Circular based solely on the TBE Information included in the Circular;

(t) EME shall provide to TBE all such information respecting its operations and affairs as may be reasonably requested from time to time by TBE;

(u) except for proxies and other non-substantive communications with the holders of EME securities, EME shall furnish promptly to TBE or TBE's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by EME from holders of EME securities or regulatory agencies in connection with: (i) the Arrangement; (ii) the EME Meeting; (iii) any filings under Applicable Laws; and (iv) any dealings with regulatory agencies in connection with the transactions contemplated by this Agreement;

(v) EME shall solicit proxies to be voted at the EME Meeting in favour of matters to be considered at the EME Meeting, including the Arrangement Resolution;

(w) EME shall conduct the EME Meeting in accordance with the by-laws of EME, the Interim Order and any instrument governing the EME Meeting, as applicable, and as otherwise required by law;

(x) EME will forthwith carry out the terms of the Interim Order and the Final Order;

(y) EME shall, on an as received basis, promptly advise TBE of the number of EME Shares for which EME receives notices of dissent or written objections to the Arrangement and provide TBE with copies of such notices and written objections;

(z) EME shall use reasonable commercial efforts to resolve any material defects in title to its oil and natural gas properties of which it is aware prior to the Effective Time, and agrees to consult with TBE with respect to all such steps as are proposed to be taken in connection therewith; and

(aa) EME shall:

(i) duly and timely file all Returns required to be filed by it on or after the date hereof but prior to the Effective Time and ensure that all such Returns are true, complete and correct in all material respects;

(ii) timely pay all Taxes that are due and payable prior to the Effective Time (other than those that are being contested in good faith and in respect of which reserves have been provided in the EME Financial Statements);

(iii) not breach any flow-through share agreement to which it is or was a party in respect of the issuance of flow-through shares (as defined under the Tax Act) prior to the Effective Time and, in particular, not fail to incur and renounce expenses which it covenanted to incur and renounce in respect thereof;

(iv) not make or rescind any election relating to Taxes, other than an election under subsection 110(1.1) of the Tax Act not to deduct amounts paid on surrender of EME Options such that optionees will be entitled to the deduction under subsection 110(1)(d) of the Tax Act;

(v) not make a request for a tax ruling or enter into any agreement with any taxing authorities;

(vi) not settle or compromise any material claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and

(vii) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the taxation year ending December 31, 2010, except as may be required by Applicable Law; and

(bb) EME will cooperate with TBE in making application to the TSX to list the TBE Shares that will be issuable to the EME Shareholders pursuant to the Arrangement on the TSX.

3.3 Mutual Covenants Regarding the Arrangement

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with Article 8, each Party shall:

(a) use its reasonable commercial efforts to complete the Arrangement on or before January 10, 2012;

(b) use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

(i) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

(ii) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated by this Agreement; and

(iii) to effect all necessary registrations and filings and submission of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement including, without limitation, the Competition Act Approval;

(c) in connection with the Competition Act Approval:

(i) TBE and EME shall as promptly as reasonably practicable duly file with the Competition Bureau, a request for an ARC under Section 102 of the Competition Act and supply the Commissioner with such additional information as the Commissioner may request. TBE shall have the primary responsibility for the preparation and submission of a request for an ARC pursuant to Section 102 of the Competition Act. TBE and EME shall respond as promptly as reasonably practicable under the circumstances to any inquiries received from the Competition Bureau for additional information or documentation and to all inquiries and requests received from the Competition Bureau;

(ii) the Parties shall coordinate and cooperate in exchanging information and supplying assistance that is reasonably requested in connection with Section 3.3(c)(i) above, including providing each other with advance copies and reasonable opportunities to comment on all filings made to the Competition Bureau and any additional or supplementary information supplied pursuant thereto in respect of the Competition Act (except for information which TBE or EME, in each case acting reasonably, consider highly confidential and sensitive which may be provided on a confidential and privileged basis to outside counsel of the other Party), and all notices and correspondence received from the Competition Bureau with respect to any filings under the Competition Act; and

(iii) notwithstanding any other provision herein, in no event will TBE be required hereunder or otherwise to agree to any hold separate, divestiture or other order, decree or restriction on the businesses of TBE or any other business, the conduct thereof or future transactions; and

(d) use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between representatives of the Parties, subject in all cases to the EME Confidentiality Agreement and the TBE Confidentiality Agreement, as applicable.

3.4 EME's Covenants Regarding Non-Solicitation

(a) EME shall immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of its officers, directors, employees, advisors, representatives and agents ("**Representatives**")), if any, with any third parties initiated before the date of this Agreement with respect to any Acquisition Proposal and shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with EME relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured.

(b) EME shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

(i) solicit, assist, facilitate, initiate, encourage or take any action to solicit, assist, facilitate, initiate, entertain or encourage any inquiries or communication regarding or the making

of any proposal or offer that constitutes, may constitute, or may reasonably be expected to lead to, an Acquisition Proposal, including, without limitation, by way of furnishing information;

(ii) enter into or participate in any negotiations or initiate any discussion regarding an Acquisition Proposal, or furnish to any other person any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with, or furtherance of, an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

(iii) release, waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear in respect of, any rights or other benefits under any confidentiality agreements, including, without limitation, any "standstill provisions" thereunder; or

(iv) accept, recommend, approve or propose to accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof, EME and its Representatives may:

(v) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by EME or any of its Representatives) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement substantially similar to the EME Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to TBE as set out below), may furnish to such third party information concerning EME and its business, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made a written bona fide Acquisition Proposal and the EME Board determines in good faith: (1) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available; (2) after consultation with its financial advisor, the Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction financially superior for EME Shareholders than the transaction contemplated by this Agreement in its current form; and (3) after receiving the advice of outside counsel as reflected in minutes of the EME Board, that the taking of such action is necessary for the EME Board in discharge of its fiduciary duties under Applicable Laws (a "**Superior Proposal**"); and

(B) prior to furnishing such information to or entering into or participating in any such negotiations or initiating any discussions with such third party, EME provides prompt notice to TBE to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality and standstill agreement referenced above and if not previously provided to TBE, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that EME shall notify TBE

orally and in writing of any inquiries, offers or proposals with respect to a Superior Proposal (which written notice shall include, without limitation, a summary of the details of such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to TBE, copies of all information provided to such party and all other information reasonably requested by TBE), immediately and in no event later than 24 hours of the receipt thereof, shall keep TBE informed of the status and details of any such inquiry, offer or proposal and answer TBE's questions with respect thereto;

(vi) comply with Division 3 of Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids* and similar provisions under Applicable Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(vii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, the EME Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and after receiving the advice of outside counsel as reflected in minutes of the EME Board, that the taking of such action is necessary for the EME Board in discharge of its fiduciary duties under Applicable Laws and EME complies with its obligations set forth in Section 3.4(c) and terminates this Agreement in accordance with Section 8.1(e) and concurrently therewith pays the amount required by Section 6.1.

(c) In the event that EME is in receipt of a Superior Proposal, it shall give TBE, orally and in writing, at least three (3) Business Days advance notice of any decision by the EME Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that the EME Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. During such three (3) Business Day period, EME agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall prevent the party making the Superior Proposal from making any Acquisition Proposal to the EME Board that is not solicited, initiated, encouraged or knowingly facilitated by EME) and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three (3) Business Day period, EME shall, and shall cause its financial and legal advisors to, negotiate in good faith with TBE and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable EME to proceed with the Arrangement as amended rather than the Superior Proposal. In the event TBE proposes to amend this Agreement to provide that the EME Shareholders shall receive a value per EME Share equal to or having a value greater than the value per EME Share provided in the Superior Proposal and so advises the EME Board prior to the expiry of such three (3) Business Day period, the EME Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall prevent the party making the Superior Proposal from making any Acquisition Proposal to the EME Board that is not solicited, initiated, encouraged or knowingly facilitated by EME) and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, TBE shall have no obligation to make or negotiate any changes to this Agreement in the event that EME is in receipt of a Superior Proposal.

(d) TBE agrees that all information that may be provided to it by EME with respect to any Superior Proposal pursuant to this Section 3.4 shall be treated as if it were "Confidential Information" as that term is defined in the EME Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the EME Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.

(e) If required by TBE, EME shall, subsequent to the three (3) Business Day notice period contemplated by Section 3.4(c) reaffirm its recommendation of the Arrangement by press release promptly in the event that (i) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to Section 3.4(c) which results in any Acquisition Proposal not being a Superior Proposal.

(f) EME shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of this Section 3.4. EME shall be responsible for any breach of this Section 3.4 by its officers, directors, employees, investment bankers, advisers or representatives.

3.5 Access to Information

(a) From and after the date hereof until the Effective Time or the termination of this Agreement, the Parties shall, upon reasonable notice, provide one another and their respective representatives access, during normal business hours and at such other time or times as such Party may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to the other Party all information concerning its business, properties and personnel as the other Party may reasonably request in order to permit the Parties to be in a position to expeditiously and efficiently integrate the respective business and operations of one another immediately upon but not prior to the Effective Date. From and after the date hereof until the Effective Time or the termination of this Agreement, each Party agrees to keep the other fully appraised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be relevant and material to a prudent operator of the business and operations of the other Party. From and after the date hereof until the Effective Time or the termination of this Agreement, each Party shall confer with the other prior to taking action (other than in emergency situations) with respect to any material operational matters involved in its respective business and the representatives of each Party shall be advised of and may attend at and participate in all operations meetings held by the other Party.

(b) Without limiting the generality of any of the other provisions of this Agreement, the Parties shall make available to one another all land, legal, title documents and related files, geologic maps, well files and well logs, books, papers, financial information and pertinent documents or agreements.

(c) In addition, EME agrees to:

(i) give the legal and professional representatives and agents of TBE full access to EME's books, records and documents, provided that EME is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained in accordance herewith; and

(ii) endeavour to include in the information furnished to TBE, or obtained by TBE in the course of the aforesaid investigations, all information which would reasonably be

considered to be relevant for the purposes of TBE's investigation and not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading.

(d) In addition, TBE agrees to:

(i) give the legal and professional representatives and agents of EME access to TBE's books, records and documents, provided that TBE is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained in accordance herewith and only to the extent necessary to allow EME to determine, acting reasonably, that the conditions set out in Section 5.1 and 5.3 have been met; and

(ii) endeavour to include in the information furnished to EME pursuant to subsection 3.5(d)(i), all information which would reasonably be considered to be relevant for the purposes of EME's investigation and not knowingly withhold any information which would make anything contained in the information delivered erroneous or misleading.

(e) The Parties acknowledge and agree that all information provided by EME to TBE or by TBE to EME pursuant to this Section 3.5 shall remain subject to the provisions of the EME Confidentiality Agreement or the TBE Confidentiality Agreement, as applicable.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of TBE

TBE hereby makes the representations and warranties set forth in this Section 4.1 to and in favour of EME and acknowledges that EME is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

(a) TBE is a corporation duly amalgamated and validly subsisting under the ABCA, and TBE has the requisite power and authority to carry on its business as it is now being conducted.

(b) TBE is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on TBE.

(c) TBE has no subsidiaries.

(d) TBE has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by TBE of the transactions contemplated by this Agreement has been duly authorized by the TBE Board and subject to the approval of the TBE Shareholders of the Issuance Resolution no other corporate proceedings on the part of TBE are or shall be necessary to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by TBE and constitutes a legal, valid and binding obligation of TBE enforceable against TBE in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

(e) Subject to the approval of the TSX, the approval of the TBE Shareholders of the Issuance Resolution and receipt of the Competition Act Approval, neither the execution and delivery of this Agreement by TBE, the consummation by TBE of the transactions contemplated by this Agreement nor compliance by TBE with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or Encumbrance upon any of the properties or assets of TBE under, any of the terms, conditions or provisions of (x) the articles, bylaws or other constating documents of TBE, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which TBE is a party or to which it, or its properties or assets, may be subject or by which TBE is bound (subject to, if required, obtaining the consent of TBE's lenders); or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to TBE (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on TBE or materially impede the ability of TBE to consummate the transactions contemplated by this Agreement); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on TBE.

(f) Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement including receipt of the Competition Act Approval and the approval of the TSX and the TBE Shareholders or which are required to be fulfilled post-Arrangement:

(i) there is no legal impediment to TBE's consummation of the transactions contemplated by this Agreement; and

(ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by TBE in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not materially impede the ability of TBE to consummate the transactions contemplated by this Agreement.

(g) TBE has authorized an unlimited number of TBE Shares and an unlimited number of preferred shares. As at the date hereof, 135,408,937 TBE Shares, nil preferred shares and options entitling the holders thereof to acquire 10,187,636 TBE Shares are issued and outstanding. Except as aforesaid, there are no other outstanding securities of TBE or options, warrants, rights of conversion or exchange privileges or other securities entitling anyone to acquire any securities of TBE or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by TBE of any securities. All outstanding TBE Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights.

(h) Except as disclosed in the TBE Public Record, since December 31, 2010:

(i) there has not been any material adverse change respecting TBE from the position set forth in the TBE Financial Statements;

(ii) there have been no material facts, transactions, events or occurrences which, to the knowledge of TBE, could reasonably be expected to result in a material adverse change respecting TBE;

(iii) TBE has conducted its business only in the ordinary and normal course, consistent with past practice; and

(iv) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to TBE has been incurred other than in the ordinary and normal course of business, consistent with past practice.

(i) TBE has no reason to believe that the TBE Reserves Report was not accurate in all material respects as at the effective date of such report, and, except for any impact of changes in commodity prices, which may or may not be material, TBE has no knowledge of a material adverse change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the TBE Reserves Report. TBE has provided to McDaniel all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and natural gas assets of TBE, as at the effective date of such report, and, in particular, all material information respecting the interests of TBE in its principal oil and natural gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no material adverse change in any of the material information so provided since the date thereof.

(j) Except as set forth in the TBE Disclosure Letter, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving TBE, or in respect of the businesses, properties or assets of TBE (whether in progress or, to the knowledge of TBE, threatened), that if adversely determined, would reasonably be expected to have a material adverse effect on TBE or significantly impede the completion of the transactions contemplated by this Agreement and, to the knowledge of TBE, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against TBE in respect of its business, properties or assets that has had or would reasonably be expected to have a material adverse effect on TBE or significantly impede the completion of the transactions contemplated by this Agreement.

(k) The TBE Financial Statements fairly present, in accordance with GAAP, consistently applied, the financial position and condition of TBE at the dates thereof and the results of the operations of TBE for the periods then ended and reflect in accordance with GAAP, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of TBE as at the dates thereof.

(l) TBE has not received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and TBE holds all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to the assets, business or operations of TBE, except where the

failure to comply with the foregoing would not have a material adverse effect on TBE. The assets of TBE are operated and maintained by it in compliance with all terms and conditions of Applicable Laws, permits, licenses and authorizations in all material respects.

(m) No securities commission or similar regulatory authority, or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading in any securities of TBE, no such proceeding is, to the knowledge of TBE, pending, contemplated or threatened and TBE is not, to its knowledge, in default of any requirement of any Applicable Laws.

(n) Except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on TBE, in respect of TBE:

(i) it is not in violation of any Environmental Laws;

(ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by TBE that have not been remedied;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of TBE;

(v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event which is required to be so reported by any Environmental Law; and

(vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in Alberta and any other jurisdiction in which it conducts its business, TBE has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

(o) All Returns required to be filed by TBE have been duly filed, in all material respects, on a timely basis and, in any event, prior to the Effective Date, and all Taxes shown to be payable on such Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis and, in any event, prior to the Effective Date. The filed Returns are true, complete and correct in all material respects, and no other Taxes are payable by TBE with respect to items or periods covered by such Returns.

(p) TBE has not requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time: (a) to file any Return covering any Taxes for which it may be liable; (b) to file any elections, designations or similar filings relating to Taxes for which

it is or may be liable; (c) pursuant to which TBE is required to pay or remit any Taxes or amounts on account of Taxes; or (d) pursuant to which any Governmental Authority may assess, reassess or collect Taxes for which TBE is or may be liable.

(q) TBE is not a party to any tax sharing agreement, tax indemnification agreement or other agreement or arrangement relating to Taxes with any person. TBE does not have any liability for the Taxes of any other person under any applicable legislation, as a transferee or successor, by contract or otherwise.

(r) TBE has paid or provided adequate accruals in the TBE Financial Statements for the year ended December 31, 2010 and for the interim period ended September 30, 2011 for Taxes, including income taxes and related future taxes, in conformity with GAAP. The liability for Taxes under the Tax Act and other applicable law has been assessed for all taxation years up to and including December 31, 2010.

(s) No material deficiencies exist or have been asserted with respect to Taxes. TBE is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against TBE or any of its assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. The Returns have never been audited by a government or taxing authority, nor is any such audit, assessment, reassessment, claim, action, suit, investigation or proceeding in process or, to the knowledge of TBE, pending, threatened or issued and outstanding, which resulted in or could result in a claim for Taxes owing by TBE, except where such audit, assessment, reassessment, claim, action, suit, investigation or proceeding would not individually or in the aggregate have a material adverse effect on TBE. TBE has withheld any Taxes required to be withheld by the applicable laws and the Tax Act and have paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable Governmental Authority. TBE is not aware of any material contingent liabilities for Taxes or any grounds for assessment or reassessment including, without limitation, aggressive treatment of income, expenses, losses or other claims for deduction under any Return.

(t) No director, officer, insider or other non-arm's length party to TBE (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of TBE.

(u) No director, officer, insider or other non-arm's length party of TBE is indebted to TBE.

(v) Except for indemnity agreements with its directors and officers as contemplated by the by-laws of TBE and Applicable Laws, and other than standard indemnity agreements in financial services, underwriting and agency agreements and in the ordinary course provided to service providers, TBE is not a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.

(w) Any and all operations of TBE, and to the knowledge of TBE, any and all operations by third parties, on or in respect of the assets and properties of TBE, have been conducted in compliance with good oilfield practices.

(x) Although it does not warrant title, TBE does not have reason to believe that TBE does not have title to or the irrevocable right to produce and sell their petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**TBE**

Interests") and does represent and warrant that, to the knowledge of TBE, the TBE Interests are free and clear of adverse claims created by, through or under TBE, except related to bank financing or those arising in the ordinary course of business, and, to the knowledge of TBE, TBE holds the TBE Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, except where the failure to so hold the TBE Interests would not have a material adverse effect upon TBE.

(y) TBE is not aware of any defects, failures or impairments in the title of TBE to its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil and natural gas reserves of TBE shown in the TBE Reserves Reports; (ii) the current production of TBE; or (iii) the current cash flow of TBE.

(z) TBE has not received notice of any default under any of the leases and other title and operating documents or any other agreement or instrument pertaining to its oil and natural gas assets or to which it is a party or by or to which it or any such assets are bound or subject, except to the extent that such defaults would not in the aggregate have a material adverse effect on TBE;

(aa) To the knowledge of TBE:

(i) TBE is in good standing under all, and is not in default under any; and

(ii) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,

leases and other title and operating documents or any other agreements and instruments pertaining to its oil and natural gas assets to which it is a party or by or to which it or such assets are bound or subject and, to the knowledge of TBE, all such leases, title and operating documents and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title and operating documents and other agreements and instruments is in default thereunder except to the extent that such defaults would not in the aggregate have a material adverse effect on TBE.

(bb) None of the oil and natural gas assets of TBE are subject to reduction by reference to payout of or production penalty on any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under TBE, except to the extent that all such reductions or changes to an interest would not in the aggregate have a material adverse effect on TBE.

(cc) None of the wells in which TBE holds an interest has been produced in excess of applicable production allowables imposed by any applicable law or any Governmental Authority and TBE does not have any knowledge of any impending change in production allowables imposed by any applicable law or any Governmental Authority that may be applicable to any of the wells in which it holds an interest, other than changes of general application in the jurisdiction in which such wells are situate except to the extent that such non-compliance or changes would not in the aggregate have a material adverse effect on TBE.

(dd) TBE has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority and, to TBE's knowledge, none

of the wells in which it holds an interest is subject to any such penalty or restriction except to the extent that any such penalty or restriction would not have a material adverse effect on TBE.

(ee) To the best of the knowledge, information and belief of TBE, all wells located on any lands in which TBE has an interest, or lands with which such lands have been pooled or unitized, which have been abandoned have been abandoned in accordance with all applicable statutes and regulations regarding the abandonment of wells.

(ff) The tangible depreciable property used or intended for use in connection with the oil and natural gas assets of TBE:

(i) for which TBE was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all applicable law during all periods in which TBE was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business; and

(ii) for which TBE was not or is not operator, to the knowledge of TBE, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all applicable law during all periods in which TBE was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business,

except to the extent that such non-compliance with prudent oil and natural gas industry practices or applicable law would not in the aggregate have a material adverse effect on TBE.

(gg) TBE has not, at the date of this Agreement, (i) received any advance payments for petroleum or services not already delivered or provided prior to receipt of payment, or (ii) any accrued "take-or-pay" or "send-or-pay" liabilities under any agreement.

(hh) All fees in respect of seismic and well data (including those payable on a change of control or transfer) in respect of which TBE (or the relevant operator) has a licence, have been duly paid.

(ii) TBE has not entered into any material joint venture with a third party other than as disclosed in writing to EME.

(jj) Except where the failure to do so would not individually or in the aggregate have a material adverse effect on TBE, TBE has (i) withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by law and shall continue to do so until the Effective Date and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority, (ii) remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other taxes payable by it in respect of its employees and has or shall have remitted such amounts to the proper Governmental Authority within the time required by applicable law, and (iii) charged, collected and remitted on a timely basis all taxes as required by applicable law on any sale, supply or delivery whatsoever, made by TBE.

(kk) To the knowledge of TBE, all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of its oil and

natural gas assets prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid Taxes or assessments which could result in a lien or charge on its oil and natural gas assets, except where the failure to do so would not individually or in the aggregate have a material adverse effect on TBE.

(ll) TBE is not a party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its freedom to compete in any line of business, compete in any geographic region, transfer or move any of its assets or operations, where such covenant would have a material adverse effect on the business of TBE.

(mm) Except as set out in the TBE Financial Statements, TBE is not a party to or subject to any hedges, swaps or other financial instruments or like transactions.

(nn) All information in the Circular pertaining to TBE (other than in respect of the EME Information, in respect of which TBE makes no representation or warranty) shall, as of the Mailing Date and as of the Effective Date) be true and complete in all material respects and shall not contain any misrepresentation or omit to state any material fact required to be stated.

(oo) Policies of insurance are in force as of the date hereof naming TBE as an insured that adequately cover all risks as are customarily covered by oil and gas producers in the industry in which TBE operates. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

(pp) There are no agreements material to the conduct of TBE's affairs or business, except for those agreements entered into in the ordinary course of business or publicly in the TBE Public Record, and all such material agreements are valid and subsisting and TBE is not in material default under any such agreements.

(qq) TBE's business has been and is being operated in all material respects in full compliance with all applicable laws relating to employment, including employment standards, occupational health and safety, human rights, labour relations, workers compensation, pay equity and employment equity and TBE has not received notice of any outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation legislation and TBE has not been reassessed in any material respect under such legislation.

(rr) The corporate records and minute books, books of account and other records of TBE (whether of a financial or accounting nature or otherwise) have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and will be complete and accurate in all material respects as at the Effective Date.

(ss) As at October 31, 2011, TBE's Net Debt did not exceed $85.0 million, provided that for these purposes "**TBE's Net Debt**" means long-term debt and current liabilities, less current assets, including, working capital deficiency and cash taxes payable, but excluding the current portion of derivative assets and liabilities.

(tt) TBE's average net production (being for these purposes working interest corporate sales production) for the month of November 2011 ending on the date hereof was not less than 7,650 boe/d (for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes).

(uu) To the knowledge of TBE, TBE has not withheld from EME any material information or documents concerning TBE or its assets or liabilities during the course of EME's review of TBE and its assets and liabilities.

(vv) TBE is a reporting issuer (where such concept exists) in each of the provinces of Canada and is in material compliance with all Applicable Laws therein. The TBE Shares are listed and posted for trading on the TSX and TBE is in material compliance with the rules of the TSX. The documents and information comprising the TBE Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the TBE Public Record prior to the date hereof. TBE has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by TBE with the Securities Authorities since becoming a "reporting issuer". TBE has not filed any confidential material change report that, at the date hereof, remains confidential. Neither TBE nor, to the knowledge of TBE, any of its directors or officers (in their capacities as directors and/or officers of TBE) are presently subject to continuous disclosure review or investigation by any Securities Authorities or the TSX and, to the knowledge of TBE, no such review is pending or to the knowledge of TBE threatened.

(ww) TBE has not claimed or will not claim in any Return for any taxation year ending on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of TBE for any period ending after the Effective Date.

(xx) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 80 to 80.04 of the Tax Act to TBE.

(yy) The tax basis of the assets of TBE by category, including the classification of such assets as being depreciable, amortizable or resource properties giving rise to resource pools as reflected in the Returns of TBE, is true and correct in all material respects.

(zz) TBE has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.

(aaa) TBE has not breached any flow-through share agreement to which it is or was a party in respect of the issuance of flow-through shares (as defined in the Tax Act) and, in particular, TBE has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or TBE reduced pursuant to Subsection 66(12.73) of the Tax Act any amount renounced by TBE.

(bbb) TBE does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of TBE that have not yet been fully expended and renounced, except as reflected in the TBE Financial Statements.

(ccc) TBE has not made any payment, nor is obligated to make any payment, and is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or any analogous provincial or similar provision.

(ddd) Records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act have been made and obtained by TBE with respect to all material transactions between TBE and any non-resident person with whom TBE was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 1998 and ending on or before the Effective Date.

(eee) The TBE Board has unanimously approved this Agreement and has resolved to unanimously recommend approval of the issuance of TBE Shares pursuant to the Arrangement by TBE Shareholders.

(fff) TBE is not registered or required to be registered as an "investment company" pursuant to the *United States Investment Company Act of 1940*, as amended.

(ggg) No class of securities of TBE is registered or required to be registered pursuant to Section 12 of the *United States Securities Exchange Act of 1934*, as amended, nor does TBE have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.

(hhh) Based on its current business plans and expectations, TBE does not believe that as of the end of its fiscal year ending December 31, 2011, it will be classified as a "passive foreign investment company" (as such term is defined in Section 1297 of the United States Internal Revenue Code of 1986) in respect of its fiscal year ending December 31, 2011.

4.2 Representations and Warranties of EME

EME hereby makes the representations and warranties set forth in this Section 4.2 to and in favour of TBE and acknowledges that TBE is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

(a) EME is a corporation duly amalgamated and validly subsisting under the ABCA and has the requisite power and authority to carry on its business as it is now being conducted by it.

(b) EME is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on EME.

(c) EME has no subsidiaries.

(d) EME has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by EME of the transactions contemplated by this Agreement have been duly authorized by the EME Board and, subject to obtaining EME Shareholder approval as contemplated herein, no other corporate proceedings on the part of EME are or shall be necessary to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by EME and constitutes a legal, valid and binding obligation of EME enforceable against EME in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

(e) Neither the execution and delivery of this Agreement by EME, the consummation by EME of the transactions contemplated by this Agreement nor compliance by EME with any of the provisions

hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or Encumbrance upon any of the properties or assets of EME under, any of the terms, conditions or provisions of (x) the articles, bylaws or other constating documents of EME, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which EME is a party or to which it, or its properties or assets, may be subject or by which EME is bound (subject to obtaining the consent and a waiver from EME's lenders); or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to EME (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on EME or materially impede the ability of EME to consummate the transactions contemplated by this Agreement); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on EME.

(f) Other than in connection with or in compliance with the provisions of Applicable Laws or which are required to be fulfilled post-Arrangement:

(i) there is no legal impediment to EME's consummation of the transactions contemplated by this Agreement; and

(ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by EME in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not materially impede the ability of EME to consummate the transactions contemplated by this Agreement.

(g) EME has authorized an unlimited number of EME Shares and an unlimited number of preferred shares. As at the date hereof, 92,368,427 EME Shares, nil preferred shares and EME Options entitling the holders thereof to acquire 680,000 EME Shares at an exercise price of $0.25, 1,783,333 EME Shares at an exercise price of $1.00 and 5,385,667 EME Shares at exercise prices of $2.00 or higher are issued and outstanding. Except as aforesaid, there are no other outstanding securities of EME or options, warrants, rights of conversion or exchange privileges or other securities entitling anyone to acquire any securities of EME or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by EME of any securities. All outstanding EME Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights.

(h) Except as disclosed in the EME Public Record, since December 31, 2010:

(i) there has not been any material adverse change respecting EME from the position set forth in the EME Financial Statements;

(ii) there have been no material facts, transactions, events or occurrences which, to the knowledge of EME, could reasonably be expected to result in a material adverse change respecting EME;

(iii) EME has conducted its business only in the ordinary and normal course, consistent with past practice; and

(iv) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to EME has been incurred other than in the ordinary and normal course of business, consistent with past practice.

(i) EME has no reason to believe that the EME Reserves Report was not accurate in all material respects as at the effective date of such report, and, except for any impact of changes in commodity prices, which may or may not be material, EME has no knowledge of a material adverse change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the EME Reserves Report. EME has provided to McDaniel all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and natural gas assets of EME, in each case as at the effective date of such report, and, in particular, all material information respecting the interests of EME in its principal oil and natural gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no material adverse change in any of the material information so provided since the date thereof.

(j) There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding (collectively, "**proceedings**") against or involving it, in respect of the businesses, properties or assets of EME (whether in progress or, to the knowledge of EME, threatened), that if adversely determined, would reasonably be expected to have a material adverse effect on EME or significantly impede the completion of the transactions contemplated by this Agreement and, to the knowledge of EME, no event has occurred which might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority outstanding against EME in respect of its business, properties or assets that has had or would reasonably be expected to have a material adverse effect on EME or significantly impede the completion of the transactions contemplated by this Agreement.

(k) The EME Financial Statements fairly present, in accordance with GAAP, consistently applied, the financial position and condition of EME at the dates thereof and the results of the operations of EME for the periods then ended and reflect in accordance with GAAP, consistently applied, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of EME as at the dates thereof.

(l) EME has not received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and EME holds all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to EME's assets, business or operations, except where the failure to comply with the foregoing would not have a material adverse effect on EME. The assets of EME are operated and maintained by it in compliance with all terms and conditions of Applicable Laws, permits, licenses and authorizations in all material respects.

(m) No securities commission or similar regulatory authority, or stock exchange in Canada has issued any order which is currently outstanding preventing or suspending trading in any securities of EME, no such proceeding is, to the knowledge of EME, pending, contemplated or threatened and EME is not, to its knowledge, in default of any requirement of any Applicable Laws.

(n) Other than severance and change of control payments to officers and employees payable upon completion of the Arrangement, which will not exceed $1,800,000 (which, for greater certainty does not include the "in-the-money" amount of the EME Options determined in accordance with Section 2.7), details of which are set out in the EME Disclosure Letter, there are no payments, including accrued bonuses, owing or that will become owing in connection with the Arrangement to directors, officers, employees or consultants (not including financial advisors) of EME under any contract settlements, bonus plans, retention arrangements, change of control agreements or severance obligations (whether resulting from termination or alteration of duties).

(o) The EME Disclosure Letter sets out a correct and complete list (the "**Employment Information**") of each employee, director, independent contractor, consultant and agent of EME who currently provides services to the administration, operation, maintenance and management of EME pursuant to an agreement which may not be terminated with less than three months notice (or pay in lieu thereof), whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment and length of service. Except as set out in the Employment Information, no such person has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by applicable law from the employment of an employee without an agreement as to notice or severance.

(p) EME's business has been and is being operated in all material respects in full compliance with all applicable laws relating to employment, including employment standards, occupational health and safety, human rights, labour relations, workers compensation, pay equity and employment equity and EME has not received notice of any outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation legislation and EME has not been reassessed in any material respect under such legislation.

(q) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of any employee, director, independent contractor, consultant and agent of EME which are attributable to the period before the Effective Date will be paid at or prior to the Effective Time in amounts as previously disclosed to TBE and are or shall be accurately reflected in the books and records of EME.

(r) Except as set out in the EME Disclosure Letter, no employee of EME is on long term disability leave, extended absence or receiving benefits pursuant to the *Workers' Compensation Act* (Alberta) or similar legislation in the other jurisdictions in which EME or its subsidiaries carry on business.

(s) EME has no plans providing benefits to its employees, officers, directors or consultants other than those disclosed to TBE in the EME Disclosure Letter.

(t) EME has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have TBE pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Peters & Co. Limited has been retained as EME's financial advisors in connection with certain matters, including the transactions contemplated by this Agreement.

EME has delivered to TBE true and current copies of all agreements between EME and Peters & Co. Limited which could give rise to the payment of any fees to such financial advisers and such agreements accurately reflect the fees payable to Peters & Co. Limited.

(u) The EME Board has unanimously endorsed the Arrangement and approved this Agreement, has unanimously determined, based, among other things, on the fairness opinion, that the Arrangement is in the best interests of EME and has resolved to unanimously recommend approval of the Arrangement by the EME Shareholders.

(v) EME is not a party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that shall trigger any rights to acquire EME Shares or other securities of EME or its subsidiaries or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.

(w) To the knowledge of EME, none of the EME Shares are the subject of any escrow, voting trust or other similar agreement.

(x) EME does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of EME that have not yet been fully expended and renounced, except as reflected in the EME Financial Statements.

(y) Except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on EME:

(i) it is not in violation of any Environmental Laws;

(ii) it has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by EME that have not been remedied;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of EME;

(v) it has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign the occurrence of any event which is required to be so reported by any Environmental Law; and

(vi) it holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in Alberta, Saskatchewan and any other jurisdiction in which it conducts its business, EME has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval

referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated.

(z) The corporate records and minute books, books of account and other records of EME (whether of a financial or accounting nature or otherwise) have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and will be complete and accurate in all material respects as at the Effective Date.

(aa) All Returns required to be filed by EME have been duly filed, in all material respects, on a timely basis and, in any event, prior to the Effective Date, and all Taxes shown to be payable on such Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis and, in any event, prior to the Effective Date. The filed Returns are true, complete and correct in all material respects, and no other Taxes are payable by EME with respect to items or periods covered by such Returns.

(bb) EME has not requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time: (a) to file any Return covering any Taxes for which it may be liable; (b) to file any elections, designations or similar filings relating to Taxes for which it is or may be liable; (c) pursuant to which EME is required to pay or remit any Taxes or amounts on account of Taxes; or (d) pursuant to which any Governmental Authority may assess, reassess or collect Taxes for which EME is or may be liable.

(cc) EME is not a party to any tax sharing agreement, tax indemnification agreement or other agreement or arrangement relating to Taxes with any person. EME does not have any liability for the Taxes of any other person under any applicable legislation, as a transferee or successor, by contract or otherwise.

(dd) EME has not claimed or will not claim in any Return for any taxation year ending on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of EME for any period ending after the Effective Date.

(ee) No facts, circumstances or events exist or have existed that have resulted in or may result in the application of any of sections 80 to 80.04 of the Tax Act to EME.

(ff) The tax basis of the assets of EME by category, including the classification of such assets as being depreciable, amortizable or resource properties giving rise to resource pools as reflected in the Returns of EME, is true and correct in all material respects.

(gg) EME has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.

(hh) EME has paid or provided adequate accruals in the EME Financial Statements for the years ended December 31, 2010 and for the interim period ended September 30, 2011 for Taxes, including income taxes and related future taxes, in conformity with GAAP.

(ii) No material deficiencies exist or have been asserted with respect to Taxes. Neither EME nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor

has such event been asserted or threatened against EME or any of its respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. The Returns have never been audited by a government or taxing authority, nor is any such audit, assessment, reassessment, claim, action, suit, investigation or proceeding in process or, to the knowledge of EME, pending or threatened, which resulted in or could result in a claim for Taxes owing by EME except where such audit, assessment, reassessment, claim, action, suit, investigation or proceeding would not individually or in the aggregate have a material adverse effect on EME. EME has withheld any Taxes required to be withheld by the applicable laws and the Tax Act and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable Governmental Authority.

(jj) All agreements entered into by EME with persons other than TBE regarding the confidentiality of information provided to such persons or reviewed by such persons with respect to the sale of EME or a substantial portion of its assets or any other business combination or similar transaction with any other party are in substantially the form of the EME Confidentiality Agreement and EME has not, as at the date hereof, waived the standstill or other provisions of any such agreements.

(kk) No director, officer, insider or other non-arm's length party to EME or any of its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of EME.

(ll) No director, officer, insider or other non-arm's length party of EME is indebted to EME.

(mm) Except for indemnity agreements with its directors and officers as contemplated by the by-laws of EME and Applicable Laws, and other than standard indemnity agreements, in financial services, underwriting and agency agreements and in the ordinary course provided to service providers, EME is not a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.

(nn) Any and all operations of EME, and to the knowledge of EME, any and all operations by third parties, on or in respect of the assets and properties of EME, have been conducted in compliance with good oilfield practices.

(oo) Although it does not warrant title, EME does not have reason to believe that EME does not have title to or the irrevocable right to produce and sell its petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "**EME Interests**") and does represent and warrant that, to the knowledge of EME, the EME Interests are free and clear of adverse claims created by, through or under EME, except related to bank financing or those arising in the ordinary course of business, and, to the knowledge of EME, it holds its EME Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, except where the failure to so hold the EME Interest would not have a material adverse effect upon EME.

(pp) EME is not aware of any defects, failures or impairments in the title of EME to its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil and natural gas reserves of

EME shown in the EME Reserves Report; (ii) the current production of EME; or (iii) the current cash flow of EME.

(qq) EME has not received notice of any default under any of the leases and other title and operating documents or any other agreement or instrument pertaining to its oil and natural gas assets to which it is a party or by or to which it or any such assets are bound or subject except to the extent that such defaults would not in the aggregate have a material adverse effect on EME.

(rr) To the knowledge of EME:

(i) EME is in good standing under all, and is not in default under any; and

(ii) there is no existing condition, circumstance or matter which constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,

leases and other title and operating documents or any other agreements and instruments pertaining to its oil and natural gas assets to which it is a party or by or to which it or such assets are bound or subject and, to the knowledge of EME, all such leases, title and operating documents and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title and operating documents and other agreements and instruments is in default thereunder except to the extent that such defaults would not in the aggregate have a material adverse effect on EME.

(ss) None of the oil and natural gas assets of EME are subject to reduction by reference to payout of or production penalty on any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under EME, except to the extent that all such reductions or changes to an interest would not in the aggregate have a material adverse effect on EME.

(tt) None of the wells in which EME holds an interest has been produced in excess of applicable production allowables imposed by any applicable law or any Governmental Authority and EME does not have any knowledge of any impending change in production allowables imposed by any applicable law or any Governmental Authority that may be applicable to any of the wells in which any of them holds an interest, other than changes of general application in the jurisdiction in which such wells are situate except to the extent that such non-compliance or changes would not in the aggregate have a material adverse effect on EME.

(uu) EME has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority and, to its knowledge, none of the wells in which it holds an interest are subject to any such penalty or restriction except to the extent that any such penalty or restriction would not have a material adverse effect on EME.

(vv) To the best of the knowledge, information and belief of EME, all wells located on any lands in which EME has an interest, or lands with which such lands have been pooled or unitized, which have been abandoned have been abandoned in accordance with all applicable statutes and regulations regarding the abandonment of wells.

(ww) The tangible depreciable property used or intended for use in connection with the oil and natural gas assets of EME:

(i) for which EME was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all applicable law during all periods in which EME was operator thereof and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business; and

(ii) for which EME was not or is not operator, to the knowledge of EME, was or has been constructed, operated and maintained in accordance with good and prudent oil and natural gas industry practices in Canada and all applicable law during all periods in which EME had an interest therein and is in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business;

except to the extent that such non-compliance with prudent oil and natural gas industry practices or applicable law would not in the aggregate have a material adverse effect on EME.

(xx) EME has not, at the date of this Agreement, (i) received any advance payments for petroleum or services not already delivered or provided prior to receipt of payment, or (ii) any accrued "take-or-pay" or "send-or-pay" liabilities under any agreement.

(yy) All fees in respect of seismic and well data (including those payable on a change of control or transfer) in respect of which EME (or the relevant operator) has a licence, have been duly paid.

(zz) EME has not entered into any material joint venture with a third party, other than as set out in the EME Disclosure Letter.

(aaa) Except as disclosed to TBE in the EME Disclosure Letter, there are no outstanding authorizations for expenditure pertaining to any of the oil and natural gas assets of EME or any other commitments, approvals or authorizations pursuant to which an expenditure may be required to be made in respect of such assets after the date of the most recent EME Financial Statements in excess of $50,000 for each such commitment, approval or authorization.

(bbb) Except where the failure to do so would not individually or in the aggregate have a material adverse effect on EME, EME has (i) withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act all amounts required by law and shall continue to do so until the Effective Date and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority, (ii) remitted all Canada Pension Plan contributions, unemployment insurance premiums, employer health taxes and other taxes payable by it in respect of its employees and has or shall have remitted such amounts to the proper Governmental Authority within the time required by applicable law, and (iii) charged, collected and remitted on a timely basis all taxes as required by applicable law on any sale, supply or delivery whatsoever, made by EME.

(ccc) To the knowledge of EME, all ad valorem, property, production, severance and similar taxes and assessments based on or measured by the ownership of property or the production of its hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of its oil and natural gas assets prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid Taxes or assessments which could result in a lien or charge on its oil and natural gas assets, except where the failure to do so would not individually or in the aggregate have a material adverse effect on EME.

(ddd) Except as set out in the EME Disclosure Letter, EME is not a party to or bound or affected by any commitment, agreement or document containing any covenant expressly limiting its freedom to compete in any line of business, compete in any geographic region, transfer or move any of its assets or operations, where such covenant would have a material adverse effect on the business of EME.

(eee) The EME Disclosure Letter sets forth the policies of insurance in force at the date hereof naming EME as an insured, such policies adequately cover all risks as are customarily covered by oil and gas producers in the industry in which EME operates and such policies remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

(fff) Except as set out in the EME Financial Statements or in the EME Disclosure Letter, EME is not a party to or subject to any hedges, swaps or other financial instruments or like transactions.

(ggg) To the knowledge of EME, EME has not withheld from TBE any material information or documents concerning EME or its assets or liabilities during the course of TBE's review of EME and its assets and liabilities.

(hhh) There are no agreements material to the conduct of EME's affairs or business, except for those agreements entered into in the ordinary course of business or disclosed in the EME Public Record, and all such material agreements are valid and subsisting and EME is not in material default under any such agreements.

(iii) All information in the Circular pertaining to EME (other than in respect of the TBE Information, in respect of which EME makes no representation or warranty) shall, as of the Mailing Date and as of the Effective Date) be true and complete in all material respects and shall not contain any misrepresentation or omit to state any material fact required to be stated.

(jjj) As of October 31, 2011, EME's Net Debt did not exceed $59.0 million, provided that for these purposes "**EME's Net Debt**" means long-term debt and current liabilities, less current assets, including, working capital deficiency and cash taxes payable, but excluding the current portion of derivative assets and liabilities.

(kkk) EME's average net production (being for these purposes working interest corporate sales production) for the month of November 2011 ending on the date hereof was not less than 5,700 boe/d (for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes).

(lll) The EME Disclosure Letter contains a complete list of all lands, wells and facilities in which EME has an interest (and the material Encumbrances thereon).

(mmm) EME is a reporting issuer (where such concept exists) in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is in material compliance with all Applicable Laws therein. The EME Shares are listed and posted for trading on the TSX and EME is in material compliance with the rules of the TSX. The documents and information comprising the EME Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the EME Public Record prior to the date hereof. EME has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by EME with the Securities Authorities since becoming

a "reporting issuer". EME has not filed any confidential material change report that, at the date hereof, remains confidential. Neither EME nor, to the knowledge of EME, any of its directors or officers (in their capacities as directors and/or officers of EME) are presently subject to continuous disclosure review or investigation by any Securities Authorities or the TSX and, to the knowledge of EME, no such review is pending or to the knowledge of EME threatened.

(nnn) EME has not breached any flow-through share agreement to which it is or was a party in respect of the issuance of flow-through shares (as defined in the Tax Act) and, in particular, EME has not failed to incur and renounce expenses which it covenanted to incur and renounce nor has any Governmental Authority or EME reduced pursuant to Subsection 66(12.73) of the Tax Act any amount renounced by EME.

(ooo) EME has not made any payment, nor is obligated to make any payment, and is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or any analogous provincial or similar provision.

(ppp) Records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act have been made and obtained by EME with respect to all material transactions between EME and any non-resident person with whom EME was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 1998 and ending on or before the Effective Date.

(qqq) EME is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.

(rrr) All of the assets and property of EME including all entities "controlled by" EME for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act of 1976*, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US$66.0 million during EME's most recently completed fiscal year.

(sss) EME is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.

(ttt) EME is not registered or required to be registered as an "investment company" pursuant to the *United States Investment Company Act of 1940*, as amended.

(uuu) No class of securities of EME is registered or required to be registered pursuant to Section 12 of the *United States Securities Exchange Act of 1934*, as amended, nor does EME have a reporting obligation pursuant to Section 15(d) of the U.S. Securities Act.

4.3 Privacy Issues

(a) For the purposes of this Section 4.3, the following definitions shall apply:

(i) "**applicable law**" means, in relation to any person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.

(ii) "**applicable privacy laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta).

(iii) "**authorized authority**" means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.

(iv) "**Personal Information**" means information about an identifiable individual transferred to one Party by another Party in accordance with this Agreement and/or as a condition of the Arrangement.

(b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Neither Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.

(d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.

(e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access to such information in order to complete the Arrangement.

(g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed

Personal Information. The Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the counterparty shall forthwith cease all use of the Personal Information acquired by the counterparty in connection with this Agreement and shall return to the Party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated by this Agreement, and in particular the completion of the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

(a) the Interim Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;

(b) the Arrangement Resolution shall have been passed by the EME Shareholders in form and substance satisfactory to each of the Parties, acting reasonably;

(c) the TBE Shareholders shall have passed the Issuance Resolution in the manner required by the TSX;

(d) the Final Order shall have been granted in form and substance satisfactory to each of the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;

(e) the Effective Date shall have occurred on or before February 15, 2012;

(f) all required regulatory, governmental and third party approvals and consents necessary for the completion of the Arrangement shall have been obtained on terms and conditions satisfactory to the Parties, each acting reasonably;

(g) without limitation of Section 5.1(f), the Competition Act Approval shall have been obtained;

(h) the TSX shall have approved, subject only to customary conditions, the issuance of all of the TBE Shares issuable pursuant to the Arrangement on terms and conditions satisfactory to the Parties, each acting reasonably;

(i) no action shall have been taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or Governmental Authority or similar agency, domestic or foreign, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated by this Agreement; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by this Agreement.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by either Party regardless of the circumstances and may be waived by either Party (with respect to such Party) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which such Party may have.

5.2 Additional Conditions to Obligations of TBE

The obligation of TBE to consummate the transactions contemplated by this Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) the representations and warranties made by EME in Section 4.2 of this Agreement shall be true and correct in all material respects (except for representations and warranties containing qualifiers as to materiality, which shall be true and correct) as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true and correct as of that date) and EME shall have provided to TBE a certificate of two senior officers of EME satisfactory to TBE, acting reasonably, certifying as to such matters on behalf of EME on the Effective Date;

(b) EME shall have complied in all material respects with its covenants in this Agreement and EME shall have provided to TBE a certificate of two senior officers of EME satisfactory to TBE, acting reasonably, certifying, on behalf of EME, as to such compliance and TBE shall have no actual knowledge to the contrary;

(c) EME shall have furnished TBE with:

(i) certified copies of the resolutions duly passed by the EME Board approving this Agreement and the consummation of the transactions contemplated by this Agreement; and

(ii) certified copies of the Arrangement Resolution;

(d) no material adverse change respecting EME shall have occurred;

(e) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting EME before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of TBE, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a material adverse change respecting EME or would materially impede the ability of the Parties to complete the Arrangement;

(f) at the time of the closing of the Arrangement, each of the directors and officers of EME shall have provided their resignations and such officers shall have delivered releases in favour of EME , and EME shall have delivered releases in favour of each of the directors and officers of EME, all in form and substance satisfactory to TBE, EME and such persons, acting reasonably;

(g) TBE shall be reasonably satisfied that, prior to the Effective Date, all of the outstanding EME Options shall have been exercised or, surrendered for a cash payment equal to the "in-the-money" amount determined in accordance with Section 2.7, and all holders of such EME Options shall have paid any withholding taxes applicable on such exercise or, failing that, cancelled for nominal consideration;

(h) TBE shall be reasonably satisfied that EME's average net production (being for these purposes working interest corporate sales production) for the month of November 2011 was not less than 5,700 boe/d (for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes);

(i) TBE shall be reasonably satisfied that as of December 31, 2011, EME's Net Debt did not exceed $59.0 million, provided that for these purposes "**EME's Net Debt**" means long-term debt and current liabilities, less current assets, including, working capital deficiency and cash taxes payable, but excluding the current portion of derivative assets and liabilities;

(j) the obligations of EME under all employment or consulting services agreements, severance or retention obligations, plans or policies, termination or bonus payments or any other payments related to any EME incentive plan, arising out of or in connection with the Arrangement shall not exceed $1.8 million in the aggregate, and EME shall have provided to TBE a certificate of two senior officers certifying, on behalf of EME, the amount of such transaction costs and EME's compliance with such condition precedent;

(k) all fees, costs and expenses incurred by EME in connection with this Agreement and the transactions contemplated hereby, including without limitation all financial advisory fees (including the cost of the EME Fairness Opinion) and expenses, costs and expenses incurred in connection with the legal and other professional fees and disbursements but excluding the amounts referred to in Section 5.1(j) hereof, shall not exceed $1.8 million in the aggregate, and EME shall have provided to TBE a certificate of two senior officers certifying, on behalf of EME, the amount of such transaction costs and EME's compliance with such condition precedent;

(l) TBE shall be satisfied, acting reasonably, that the issuance of the TBE Shares issuable to EME Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act, in reliance on Section 3(a)(10) of the U.S. Securities Act, or any state securities laws;

(m) TBE shall have received a copy of the consent of the lenders under the EME Credit Facility to the Arrangement and the consummation thereof on a basis acceptable to TBE, acting reasonably;

(n) TBE shall be satisfied that the EME Credit Facility shall remain in effect at existing terms until February 28, 2012;

(o) TBE shall be satisfied that no material rights of first refusal on EME's lands are triggered as a result of the transactions contemplated by this Agreement; and

(p) holders of not more than 5% of the issued and outstanding EME Shares shall have exercised rights of dissent in relation to the Arrangement.

The conditions in this Section 5.2 are for the exclusive benefit of TBE and may be asserted by TBE regardless of the circumstances or may be waived by TBE in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which TBE may have.

5.3 Additional Conditions to Obligations of EME

The obligation of EME to consummate the transactions contemplated by this Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

(a) the representations and warranties made by TBE in Section 4.1 of this Agreement shall be true and correct in all material respects (except for representations and warranties containing qualifiers as to materiality, which shall be true and correct) as of the Effective Date as if made on and as of such date (except for representations and warranties which refer to another date, which shall be true and correct as of that date) and TBE shall have provided to EME a certificate of two senior officers of TBE satisfactory to EME, acting reasonably, certifying as to such matters on behalf of TBE on the Effective Date;

(b) TBE shall have complied in all material respects with its covenants in this Agreement and shall have provided to EME a certificate of two senior officers of TBE satisfactory to EME, acting reasonably, certifying, on behalf of TBE, as to such compliance and EME shall have no actual knowledge to the contrary;

(c) TBE shall have furnished EME with:

(i) certified copies of the resolutions duly passed by the TBE Board approving this Agreement and the consummation of the transactions contemplated by this Agreement; and

(ii) certified copies of the Issuance Resolution;

(d) no material adverse change respecting TBE shall have occurred;

(e) no act, action, suit, proceeding, objection or opposition shall have been threatened against or affecting TBE before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of EME, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a material adverse change respecting TBE or would materially impede the ability of the Parties to complete the Arrangement;

(f) EME shall be reasonably satisfied that TBE's average net production (being for these purposes working interest corporate sales production) for the month of November 2011 was not less than 7,650 boe/d (for the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe shall be used when converting natural gas to boes);

(g) EME shall be reasonably satisfied that as of December 31, 2011, TBE's Net Debt did not exceed $83.0 million, provided that for these purposes "**TBE's Net Debt**" means long-term debt and

current liabilities, less current assets, including, working capital deficiency and cash taxes payable, but excluding the current portion of derivative assets and liabilities;

(h) EME shall be reasonably satisfied that TBE shall have adopted a policy to pay dividends subject to the completion of the Arrangement; and

(i) EME shall be reasonably satisfied that an additional director nominated by EME shall be appointed to the TBE Board with effect as and from the Effective Time, which director will be the current President and Chief Executive Officer of EME.

The conditions in this Section 5.3 are for the exclusive benefit of EME and may be asserted by EME regardless of the circumstances or may be waived by EME in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which EME may have.

5.4 Notice and Effect of Failure to Comply with Conditions

(a) Each Party shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

(b) If any of the conditions precedents set forth in Sections 5.1, 5.2 or 5.3 hereof will not be complied with or waived by the Party for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement as provided for in Section 8.1 hereof provided that, prior to the filing of the Articles of Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent and shall provide in such notice that the other Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond February 15, 2012). More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6
AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 TBE Damages

If at any time after the execution of this Agreement:

(a) the EME Board (A) fails to make any of the recommendations or determinations referred to in Section 2.5 in a manner adverse to TBE; (B) withdraws, modifies or changes any of the recommendations or determinations referred to in Section 2.5 in a manner adverse to TBE; (C) fails to publicly reaffirm any of its recommendations or determinations referred to in Section 2.5 in accordance with Section 3.4(e) or within three (3) Business Days of any written request to do so by TBE (or, in the event that the EME Meeting to approve the Arrangement is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting); or (D) resolves to do any of the foregoing;

(b) a bona fide Acquisition Proposal (or a bona fide intention to make one) is announced, proposed, offered or made to EME or the EME Shareholders prior to the date of the EME Meeting and remains outstanding at the time of the EME Meeting and the EME Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval and such Acquisition Proposal, as originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to EME or the EME Shareholders prior to the expiry of the first Acquisition Proposal) is completed within twelve months of the date such Acquisition Proposal is announced, proposed, offered or made;

(c) a bona fide Acquisition Proposal (or a bona fide intention to make one) is announced, proposed, offered or made to EME or the EME Shareholders and the EME Board fails to reaffirm and maintain its recommendation of the Arrangement within 10 days of such announcement, proposal or offer;

(d) EME accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;

(e) the EME Board recommends that the EME Shareholders deposit their shares under, vote in favour of, or otherwise accept an Acquisition Proposal;

(f) EME is in material non-compliance with any of its covenants or agreements in Section 3.4; or

(g) EME breaches any of its representations, warranties or covenants (other than a covenant in Section 3.4) made in this Agreement, which breach, individually or in the aggregate, causes or would reasonably be expected to cause a material adverse change respecting EME or materially impedes the completion of the Arrangement, provided that EME shall have been given written notice of and five Business Days to cure any such breach by TBE and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond February 15, 2012);

(each of the above being a "**TBE Damages Event**"), then in the event of the termination of this Agreement pursuant to subsections 8.1(c) or 8.1(e) and provided that no event in the nature set out in Section 6.2 has occurred, EME shall pay to TBE (i) $3,500,000 in the case of the events in Sections 6.1(a), 6.1(b), 6.1(c), 6.1(d), 6.1(e) or 6.1(f), and (ii) $700,000 in the case of the events in Sections 6.1(g), as liquidated damages in immediately available funds to an account designated by TBE within one

Business Day after the first to occur of the events described above, and after such event, but prior to payment of such amount, EME shall be deemed to hold such funds in trust for TBE. EME shall only be obligated to pay a maximum of $3,500,000 pursuant to this Section 6.1.

6.2 EME Damages

If at any time after the execution of this Agreement:

(a) the TBE Board (A) fails to recommend that holders of TBE Shares vote in favour of the Issuance Resolution; (B) withdraws, modifies or changes any of the recommendations or determinations referred to in Section 3.1(i) in a manner adverse to EME; or (C) resolves to do any of the foregoing; or

(b) TBE breaches any of its representations, warranties or covenants made in this Agreement, which breach, individually or in the aggregate, causes or would reasonably be expected to cause a material adverse change respecting TBE or materially impedes the completion of the Arrangement, provided that TBE shall have been given written notice of and five Business Days to cure any such breach by EME and such breach shall not have been cured (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond February 15, 2012);

(each of the above being a "**EME Damages Event**"), then in the event of the termination of this Agreement pursuant to subsection 8.1(d) or 8.1(f) and provided that no event in the nature of Section 6.1 has occurred, TBE shall pay to EME (i) $3,500,000 in the case of the events in Section 6.2(a), and (ii) $700,000 in the case of the events in Sections 6.2(b), as liquidated damages in immediately available funds to an account designated by EME. Such payment shall be made within one Business Day of the occurrence of the EME Damages Event and after such event, but prior to payment of such amount, TBE shall be deemed to hold such funds in trust for EME. TBE shall only be obligated to pay a maximum of $3,500,000 pursuant to this Section 6.2.

6.3 Liquidated Damages

Each of the Parties acknowledges that the payment of the amounts set out in Sections 6.1 or 6.2 is a payment of liquidated damages which are a genuine pre-estimate of the damages which the Parties, as applicable, shall suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and is not a penalty. The Parties each irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that payment of the amount pursuant to Section 6.1 or 6.2, as applicable, is the sole monetary remedy of the Parties, as applicable, in respect of the event giving rise to such payment. Nothing herein shall preclude the Parties from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the TBE Confidentiality Agreement, the EME Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

ARTICLE 7
AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the EME Meeting be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to or authorization on the part of the EME Shareholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or

(d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by an EME Shareholder without approval by the EME Shareholders given in the same manner as required for the approval of the Arrangement.

ARTICLE 8
TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to the Effective Date:

(a) by mutual written consent of the Parties;

(b) by either Party as provided in Section 5.4(b), provided that the failure to satisfy the particular condition precedent being relied upon did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;

(c) by TBE upon the occurrence of a TBE Damages Event as provided in Section 6.1;

(d) by EME upon the occurrence of an EME Damages Event as provided in Section 6.2;

(e) by EME upon the occurrence of a TBE Damages Event and the payment by EME to TBE of the amount required by Section 6.1, provided that EME has complied with its obligations set forth in Section 3.4; or

(f) by TBE upon the occurrence of an EME Damages Event and the payment by TBE to EME of the amount required by Section 6.2.

In the event of the termination of this Agreement in the circumstances set out in paragraphs (a) through (f) of this Section 8.1, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other hereunder except with respect to the obligations set forth in or as otherwise specified in Article 6 and each Party's obligations under the EME Confidentiality Agreement and the TBE Confidentiality Agreement, which shall survive such termination.

Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party and for greater certainty nothing in this Section 8.1 shall relieve any Party from liability for any breach by it of this Agreement that occurred prior to the date of termination.

ARTICLE 9
NOTICES

9.1 Notices

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

(a) TBE, addressed to:

Twin Butte Energy Ltd.
Suite 410, 396 – 11th Avenue S.W.
Calgary, Alberta T2R 0C5

Attention: James Saunders
Facsimile: (403) 215-2055
E-mail: JSaunders@twinbutteenergy.com

with a copy to:

Burnet, Duckworth & Palmer LLP
Suite 2400, 525 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Fred Davidson
Facsimile: (403) 260-0332
E-mail: fdd@bdplaw.com

(b) EME, addressed to:

Emerge Oil & Gas Inc.
Suite 1800, 250 – 2nd Street S.W.
Calgary, Alberta T2P 0C1

Attention: Thomas J. Greschner
Facsimile: (403) 718-3851
E-mail: Tomg@emergeoilandgas.com

with a copy to:

Borden Ladner Gervais LLP
Suite 1900, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: William Guinan
Facsimile: (403) 266-1395
E-mail: Bguinan@blg.com

or such other address as the Parties may, from time to time, advise to the other Party hereto by notice in writing. The date or time of receipt of any such notice shall be deemed to be the date of delivery or the time such facsimile or email transmission is received.

ARTICLE 10
GENERAL

10.1 Assignment and Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns. This Agreement may not be assigned by TBE without the prior consent of EME, except that TBE may assign all or a portion of its rights under this Agreement to any subsidiary of TBE, but no assignment shall relieve TBE of its obligations hereunder. This Agreement may not be assigned by EME without the prior consent of TBE.

10.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any director, officer, employee or agent to issue any press release or other written statement with respect to this Agreement or the transactions contemplated by this Agreement. Notwithstanding the foregoing, if either Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated by this Agreement, such disclosure may be made, but that Party shall consult with the other Party as to the wording of such disclosure prior to it being made.

10.3 Costs

Except as contemplated herein, each Party covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated by this Agreement. For greater certainty, TBE shall be responsible for the applicable filing fee for the request for the ARC under Section 102 of the Competition Act contemplated by Section 3.3(c).

10.4 Severability

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

(a) the validity, legality or enforceability of such remaining provisions or parts thereof will not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

10.5 Further Assurances

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

10.6 Time of Essence

Time shall be of the essence of this Agreement.

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

10.8 Waiver

No waiver by a Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

10.9 Third Party Beneficiaries

The provisions of section 2.10 are: (i) intended for the benefit of all present and former directors and officers of EME, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and TBE shall hold the rights and benefits of section 2.10 in trust for and on behalf of the Third Party Beneficiaries and TBE hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

10.10 Counterparts

This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which together constitute one and the same instrument.

10.11 Survival

The representations and warranties contained herein shall terminate on, and may not be relied upon, by either Party after the Effective Time.

[The remainder of this page has intentionally been left blank]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

TWIN BUTTE ENERGY LTD.

Per: Signed "*James Saunders*"
James Saunders
President and Chief Executive Officer

EMERGE OIL & GAS INC.

Per: Signed "*Thomas J. Greschner*"
Thomas J. Greschner
Chairman, President and Chief Executive Officer

SCHEDULE "A"

PLAN OF ARRANGEMENT

Plan of Arrangement under Section 193
of the
***Business Corporations Act* (Alberta)**

ARTICLE 1
INTERPRETATION

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

(a) "**ABCA**" means the *Business Corporations Act* (Alberta), including the regulations promulgated thereunder;

(b) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

(c) "**Arrangement Agreement**" means the arrangement agreement dated November 13, 2011, between TBE and EME with respect to the Arrangement and all amendments thereto;

(d) "**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered by EME Shareholders at the Meeting;

(e) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar for filing after the Final Order has been made;

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

(g) "**Certificate**" means the certificate which may be issued by the Registrar pursuant to subsection 193(11) of the ABCA or , if no certificate is to be issued, the proof of filing in respect of the Arrangement;

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

(i) "**Depositary**" means Valiant Trust Company or such other person as may be designated by TBE and its officers set out in the Letter of Transmittal;

(j) "**Dissent Rights**" means the right of an EME Shareholder pursuant to the Interim Order to dissent to the Arrangement Resolution and to be paid the fair value of the securities in respect of which the holder dissents, all in accordance with section 191 of the ABCA and the Interim Order;

(k) "**Dissenting Shareholders**" means registered EME Shareholders who validly exercise the rights of dissent provided to them under the Interim Order in respect of EME Shares;

(l) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA;

(m) "**Effective Time**" means the time at which the Articles of Arrangement and Plan of Arrangement are filed with the Registrar on the Effective Date;

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

(o) "**Holder**" means a registered holder of EME Shares immediately prior to the Effective Date or any person who surrenders to the Depositary certificates representing EME Shares duly endorsed for transfer to such person in accordance with the provision set forth in the Letter of Transmittal;

(p) "**Information Circular**" means the joint management proxy circular to be sent by EME to the EME Shareholders in connection with the Meeting and to be sent to the holders of TBE Shares in connection with the meeting of the holders of TBE Shares;

(q) "**Interim Order**" means the interim order of the Court under subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

(r) "**Letter of Transmittal**" means the letter of transmittal accompanying the Information Circular sent to the holders of EME Shares pursuant to which holders of EME Shares are required to deliver certificates representing EME Shares in order to receive the consideration payable to them pursuant to the Arrangement;

(s) "**Meeting**" means the special meeting of holders of EME Shares to be held to consider the Arrangement and related matters, and any adjournment thereof;

(t) "**Person**" has the meaning ascribed thereto in the ABCA;

(u) "**Registrar**" means the Registrar appointed under Section 263 of the ABCA;

(v) "**EME**" means Emerge Oil & Gas Inc., a corporation amalgamated under the ABCA;

(w) "**EME Shareholders**" means the holders from time to time of EME Shares;

(x) "**EME Shares**" means the common shares in the capital of EME;

(y) "**TBE**" means Twin Butte Energy Ltd., a corporation amalgamated under the ABCA;

(z) "**TBE Shares**" means the common shares in the capital of TBE;

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

(bb) "**TSX**" means the Toronto Stock Exchange.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

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

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

1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, will become effective on, and be binding on and after, the Effective Time on: (i) the holders of EME Shares; (ii) TBE; and (iii) EME.

2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein. If no Certificate is required to be issued by the Registrar pursuant to subsection 193(11) of the ABCA, the Arrangement shall become effective on the date the Articles of Arrangement are sent to the Registrar pursuant to subsection 193(10) of the ABCA.

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:

(a) the EME Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to TBE (free of any claims), and as of the Effective Time, such Dissenting Shareholders shall cease to have any rights as shareholders of EME other than the right to be paid the fair value of their EME Shares in accordance with Article 4; and

(b) each issued and outstanding EME Share (other than those held by Dissenting Shareholders) shall be, and shall be deemed to be, sold, assigned and transferred to TBE (free of any claims) and, subject to Sections 5.5, 5.6 and 6.1 each Holder thereof shall be entitled to receive from TBE in exchange for each such EME Share, 0.585 of a TBE Share.

3.2 With respect to each Holder (other than a Dissenting Shareholder) at the Effective Time, upon the exchange of EME Shares for TBE Shares pursuant to Section 3.1(b):

(i) such former Holder shall be added to the register of holders of TBE Shares;

(ii) such Holder shall cease to be a holder of the EME Shares so exchanged and the name of such Holder shall be removed from the register of holders of EME Shares as it relates to the EME Shares so exchanged; and

(iii) TBE shall become the holder of the EME Shares so exchanged and shall be added to the register of holders of EME Shares.

ARTICLE 4
DISSENTING SHAREHOLDERS

4.1 Each registered holder of EME Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Shareholder shall, at the Effective Time, cease to have any rights as a holder of EME Shares and shall only be entitled to be paid the fair value of the Dissenting Shareholder's EME Shares by TBE. A Dissenting Shareholder who is paid the fair value of the Dissenting Shareholder's EME Shares shall be deemed to have transferred the Dissenting Shareholder's EME Shares to TBE at the Effective Time, notwithstanding the provisions of Section 191 of the ABCA. A Dissenting Shareholder who for any reason is not entitled to be paid the fair value of the Dissenting Shareholder's EME Shares shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of EME Shares notwithstanding the provisions of Section 191 of the ABCA. The fair value of the EME Shares shall be determined as of the close of business on the last business day before the day on which the Arrangement is approved by the holders of EME Shares at the Meeting; but in no event shall EME or TBE be required to recognize such Dissenting Shareholder as a shareholder of EME after the Effective Time and the name of such holder shall be removed from the applicable register as at the Effective Time. For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 5
OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

5.1 From and after the Effective Time, certificates formerly representing EME Shares under the Arrangement shall represent only the right to receive the consideration to which the Holders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 4.1, to receive the fair value of the EME Shares represented by such certificates.

5.2 TBE shall, as soon as practicable following the later of the Effective Date and the date of deposit by a former Holder of a duly completed Letter of Transmittal and the certificates representing such EME Shares, either:

(a) forward or cause to be forwarded by first class mail (postage prepaid) to such former Holder at the address specified in the Letter of Transmittal; or

(b) if requested by such Holder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such Holder,

certificates representing the number of TBE Shares, issued to such Holder under the Arrangement.

5.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding EME Shares that were exchanged pursuant to Section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to each of TBE and EME and their respective transfer agents, which bond is in form and substance satisfactory to each of TBE and EME and their respective transfer agents, or shall otherwise indemnify TBE and EME and their respective transfer agents against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

5.4 All dividends or other distributions made with respect to any TBE Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. Subject to Section 5.5, the Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions to which such holder, is entitled, net of applicable withholding and other taxes.

5.5 Any certificate formerly representing EME Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the fifth anniversary of the Effective Date, or such shorter period required under any applicable law, shall cease to represent a right or claim of any kind or nature including the right of the Holder of such shares to receive TBE Shares (and any dividends or other distributions thereon). In such case, such TBE Shares shall be returned to TBE for cancellation and any dividends or other distributions in respect of TBE Shares shall be returned to TBE.

5.6 No certificates representing fractional TBE Shares shall be issued under this Arrangement. In lieu of any fractional TBE Share, each previous Holder of EME Shares otherwise entitled to a fractional interest in a TBE Share will receive the nearest whole number of TBE Shares (with fractions equal to exactly 0.5 being rounded up).

ARTICLE 6
WITHHOLDINGS

6.1 TBE shall be entitled to deduct and withhold from any consideration otherwise payable to any EME Shareholder and, for greater certainty, from any amount payable to an EME Shareholder exercising Dissent Rights, as the case may be, under this Plan of Arrangement such amounts as TBE is required to deduct and withhold from such consideration in accordance with applicable tax laws and administrative policy of the Canada Revenue Agency. Any such amounts will be deducted and withheld from the consideration payable pursuant to this Plan of Arrangement and shall be treated for all purposes as having been paid to the EME Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. In connection with any amount required to be withheld pursuant to this Plan of Arrangement, TBE may direct the Depositary to withhold such number of TBE Shares that may otherwise be paid to such EME Shareholder under this Plan of Arrangement and to sell such shares on the TSX for cash proceeds to be used for such withholdings.

ARTICLE 7
AMENDMENTS

7.1 TBE and EME may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by both parties; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to holders of EME Shares, if and as required by the Court.

7.2 Any amendment to this Plan of Arrangement may be proposed by TBE or EME at any time prior to or at the Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

7.3 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by TBE, provided that it concerns a matter which, in the reasonable opinion of TBE, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any former holder of EME Shares.

ARTICLE 8
FURTHER ASSURANCES

8.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein. TBE and EME may agree not to implement this Plan of Arrangement, notwithstanding the passing of the Arrangement Resolution and receipt of the Final Order.

APPENDIX E

PETERS & CO. LIMITED FAIRNESS OPINION

PETERS & CO. LIMITED

2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

November 13, 2011

Emerge Oil & Gas Inc.
Suite 1800, 250 – 2nd Street SW
Calgary, Alberta T2P 0C1

Attention: Board of Directors of Emerge Oil & Gas Inc.

Dear Sirs:

Peters & Co. Limited ("**Peters & Co.**") understands that Emerge Oil & Gas Inc. ("**Emerge**") is entering into an arrangement agreement dated November 13, 2011 (the "**Arrangement Agreement**") between Emerge and Twin Butte Energy Ltd. ("**Twin Butte**"). The Arrangement Agreement contemplates that, pursuant to a plan of arrangement (the "**Arrangement**"), Twin Butte will acquire all of the issued and outstanding common shares of Emerge ("**Emerge Shares**"), including any Emerge Shares which become outstanding upon the exercise or conversion of any outstanding Emerge convertible securities, on the basis of 0.585 of a common share ("**Twin Butte Share**") of Twin Butte for each one (1) Emerge Share (the "**Consideration**").

The Arrangement is subject to a number of terms and conditions which must be either satisfied or waived including, among other things, the approval of the Arrangement by at least 66 2/3% of the votes cast by holders of Emerge Shares present in person or by proxy at a meeting (the "**Emerge Meeting**") of such shareholders held to approve the Arrangement (the "**Emerge Resolution**"), the approval of a majority of the Twin Butte shareholders voting on the issuance of the Twin Butte Shares pursuant to the Arrangement (the "**Twin Butte Resolution**") and the approval of the Arrangement by the Court of Queen's Bench of Alberta and other regulatory, stock exchange, lender and other approvals. The terms and conditions of the Arrangement will be more fully described in the information circular (the "**Information Circular**"), which will be mailed to shareholders of Emerge and Twin Butte in connection with the Emerge Meeting.

We understand that the directors and officers of Emerge (the "**Emerge Supporting Shareholders**") have entered into or will enter into support agreements (the "**Emerge Support Agreements**") pursuant to which they will agree to vote their Emerge Shares in favour of the Arrangement. In addition, we understand that the directors and officers of Twin Butte (the "**Twin Butte Supporting Shareholders**") have entered into or will enter into support agreements (the "**Twin Butte Support Agreements**") pursuant to which they will agree to vote their Twin Butte Shares in favour of the Arrangement

Engagement of Peters & Co.

Peters & Co. was engaged by Emerge and its board of directors (the "**Board**") pursuant to an engagement agreement dated February 23, 2011 (the "**Engagement Agreement**"), to provide financial advisory services, including, but not limited to, assistance in identifying and evaluating potential corporate transactions, discussion with potential purchasers of Emerge and the preparation and provision of its opinion as to the fairness (the "**Fairness Opinion**"), from a financial point of view, of the Consideration to be received by the holders of Emerge Shares pursuant to the Arrangement.

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares or convertible securities involved in the Arrangement and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which it considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in the Fairness Opinion. Emerge has agreed to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use by Emerge and the Board of this Fairness Opinion.

The terms of the Engagement Agreement provide that Peters & Co. is to be paid fees for its services as financial advisor, including fees that are contingent on the completion of the Arrangement.

Qualifications of Peters & Co.

Peters & Co. is an independent, fully-integrated investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian National Stock Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the oil and natural gas, infrastructure and oilfield services industries; and is an active underwriter for, and financial advisor to, companies, trusts and limited partnerships active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving oil and natural gas, infrastructure and oilfield services companies and trusts in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly-traded companies, trusts and limited partnerships.

The opinion expressed herein is the opinion of Peters & Co. as a firm. The form and content of the Fairness Opinion have been reviewed and approved for release by certain senior corporate finance partners of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Relationship of Peters & Co. with Interested Parties

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Emerge or Twin Butte. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Emerge or Twin Butte in connection with any matter, other than acting as a financial advisor to Emerge as described above. Previously, Peters & Co. was part of a syndicate of underwriters to Emerge in connection with an offering of Emerge common shares in September 2010, was part of a syndicate of underwriters to Emerge in connection with an offering of Emerge subscription receipts in October 2009, was part of a syndicate of underwriters to Twin Butte in connection with an offering of Twin Butte common shares in January 2010, was part of a syndicate of underwriters to Twin Butte in connection with an offering of Twin Butte flow-through common shares in December 2008, was part of a syndicate of underwriters to Twin Butte in connection with an offering of Twin Butte flow-through common shares in June 2007, and was part of a syndicate of underwriters to Twin Butte in connection with an offering of Twin Butte flow-through common shares in February 2007. Peters & Co. also acted as strategic advisor to Twin Butte in the acquisition of Buffalo resources Corp. which closed in October 2009.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of Emerge and/or Twin Butte from time to time and has executed, or may execute, transactions in the securities of Emerge and/or Twin Butte for which it

receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including the Emerge Shares and the Arrangement. There are no understandings or agreements between Peters & Co., Emerge and/or Twin Butte with respect to any future business dealings other than described in the preceding paragraph.

Scope of Review

In connection with rendering our Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

(i) the Arrangement Agreement between Emerge and Twin Butte dated November 13, 2011;

(ii) the form of Emerge Support Agreement to be entered into by the Emerge Supporting Shareholders;

(iii) the form of Twin Butte Support Agreement to be entered into by the Twin Butte Supporting Shareholders;

(iv) Emerge's audited financial statements and management's discussion and analysis for the 12-month period ended December 31, 2010;

(v) Twin Butte's audited financial statements and management's discussion and analysis for the 12-month period ended December 31, 2010;

(vi) Emerge's unaudited financial statements and management's discussion and analysis for the three and six month period ended June 30, 2011;

(vii) Twin Butte's unaudited financial statements and management's discussion and analysis for the three and six month period ended June 30, 2011;

(viii) the Annual Information Form of Emerge dated March 23, 2011 for the year ended December 31, 2010;

(ix) the Annual Information Form of Twin Butte dated March 25, 2011 for the year ended December 31, 2010;

(x) Emerge's management information circular dated April 11, 2011;

(xi) Twin Butte's management information circular dated April 8, 2011;

(xii) the McDaniel & Associates Consultants Ltd. assessment of the reserves of Emerge as set out in its report for Emerge, with an effective date of December 31, 2010;

(xiii) the McDaniel & Associates Consultants Ltd. assessment of the reserves of Twin Butte as set out in its report for Twin Butte, with an effective date of December 31, 2010;

(xiv) schedule of current developed and undeveloped land holdings of Emerge;

(xv) schedule of current developed and undeveloped land holdings of Twin Butte;

(xvi) discussions with the senior management and certain other employees of Emerge and Twin Butte; and

(xvii) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of Emerge and Twin Butte.

In addition to the information detailed above, Peters & Co. has:

(i) reviewed certain publicly available information pertaining to current and expected future oil and natural gas prices, oilfield activity levels and other economic factors;

(ii) reviewed and considered capital market conditions, both current and expected, for the oil and natural gas industry in general, for exploration and production companies and trusts, and for Emerge and Twin Butte specifically;

(iii) reviewed the operating and financial performance and business characteristics of Emerge and Twin Butte relative to the performance of select relevant Canadian exploration and production companies;

(iv) received representations contained in certificates addressed to us from certain senior officers of Emerge and Twin Butte as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and

(v) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted full and unrestricted access by Emerge to its senior management group, board of directors and legal advisors and was, to the best of our knowledge, provided with all material information.

Assumptions and Limitations

The Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Emerge and Twin Butte as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of Emerge and Twin Butte. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the "**Information**") obtained by it from public sources or received from Emerge and Twin Butte and their respective consultants or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. Subject to the exercise of our professional judgment, and except as expressly described herein, Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Information.

The Arrangement is subject to a number of conditions outside the control of Emerge and Twin Butte and we have assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course and in a reasonable amount of time and all consents, permissions, exemptions or orders of regulatory authorities will be obtained, without adverse conditions or qualifications. In tendering the Fairness Opinion, we express no views as to the likelihood that the conditions with respect to the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the timeframe indicated in the Arrangement Agreement. The Fairness Opinion does not constitute a recommendation as to whether any holders of Emerge Shares should vote their shares in favour of the Arrangement.

Senior officers of Emerge and Twin Butte have represented to us in a certificate from each of Emerge and Twin Butte, respectively, that, among other things, the Information provided to us on behalf of Emerge and Twin Butte is complete and correct at the date the Information was provided, and that since the date of the provision of the Information, there has been no material change, financial or otherwise, in the position of Emerge or Twin Butte or their respective assets, liabilities (contingent or otherwise), business or operations and there has been no change of any material facts which is of a nature so as to render the Information, taken as a whole, untrue or misleading in any material respect. With respect to any financial forecasts and projections provided to Peters & Co. and used in our analyses, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgments of the senior management of Emerge and Twin Butte, respectively, as to the matters covered thereby, and in rendering our Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

Fairness Opinion and Reliance

Based upon our analyses and subject to all of the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Consideration to be received by holders of Emerge Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of Emerge Shares.

This Fairness Opinion may be relied upon by the Board for the purposes of considering the Arrangement and its recommendation to the holders of Emerge Shares with respect to the Arrangement and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent.

Yours truly,

PETERS & CO. LIMITED

Peters & Co Limited

APPENDIX F

GMP SECURITIES L.P. FAIRNESS OPINION

1600, 500 – 4 Avenue S.W.
Calgary, AB T2P 2V6
Tel: (403) 543-3030 Fax: (403) 543-3589

November 13, 2011

Board of Directors
Twin Butte Energy Ltd.
410, 396 11th Avenue SW
Calgary, Alberta T2R 0C5

Dear Sirs:

GMP Securities L.P. ("GMP") understands that pursuant to an arrangement agreement dated as of the 13th day of November, 2011, (the "Arrangement Agreement") between Twin Butte Energy Ltd. ("Twin Butte") and Emerge Oil & Gas Inc. ("Emerge"), Twin Butte will acquire all of the issued and outstanding common shares of Emerge ("Emerge Shares") pursuant to a proposed plan of arrangement under the *Business Corporations Act* (Alberta) (the "Arrangement"). Pursuant to the Arrangement, holders of Emerge Shares ("Emerge Shareholders") will receive, for each Emerge Share, on the effective date of the Arrangement, 0.585 of a common share in the capital of Twin Butte.

The terms and the conditions of the Arrangement will be more fully described in the joint information circular and proxy statement of Twin Butte and Emerge which is expected to be dated December 9, 2011 (the "Information Circular") and mailed to the Twin Butte Shareholders in respect of a special meeting of Twin Butte Shareholders (the "Twin Butte Meeting") to be held in Calgary, Alberta on or about January 9, 2012. The Arrangement will be subject to a number of conditions which must be satisfied or waived in order for the Arrangement to become effective, all as will be described in more detail in the Information Circular. Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed thereto in the Information Circular.

GMP understands that the directors, officers and significant shareholders of Twin Butte, who collectively own, directly or indirectly, or exercise control or direction over, approximately 4% of the issued and outstanding Twin Butte Shares, have entered into support agreements (collectively, the "Twin Butte Support Agreements") whereby they have agreed to vote in favour of the Arrangement, subject to certain conditions.

GMP understands that the directors, officers and significant shareholders of Emerge, who collectively own, directly or indirectly, or exercise control or direction over, approximately 11% of the issued and outstanding Emerge Shares, have entered into support agreements (collectively, the "Emerge Support Agreements") whereby they have agreed to vote in favour of the Arrangement, subject to certain conditions.

To assist the board of directors of Twin Butte (the "Board") in considering the terms of the Arrangement, and the making of its recommendation in respect thereof, Twin Butte engaged GMP under the direction of the Board to provide financial advice to the Board in identifying and analyzing potential transactions, including GMP's opinion (the "Fairness Opinion") as to whether the consideration payable by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to Twin Butte Shareholders.

Credentials of GMP

GMP is a publicly-traded, Canadian investment banking firm providing advisory and capital market related services to Canadian oil and gas, mining and other various industries. GMP's services include investment research and the trading of equity securities for major Canadian and foreign financial institutions and corporate advisory services in the areas of mergers, acquisitions, divestments, restructurings, valuations and fairness opinions. GMP and its principals have been involved in a significant number of transactions involving valuations of private and publicly-traded Canadian companies and in providing fairness opinions in respect of such transactions.

The opinion expressed herein is the opinion of GMP as an entity, and the form and content hereof have been approved for release by a group of professionals of GMP, each of whom is experienced in mergers, acquisitions, divestitures, restructurings, valuation, fairness opinions and capital markets matters.

Relationship with Interested Parties

Neither GMP nor any of its associates or affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Twin Butte or Emerge, or any of their respective associates or affiliates (collectively, the "Interested Parties"). GMP may in the future, in the ordinary course of business, perform financial advisory or investment banking related services for the Interested Parties or their successors. GMP does not believe that any of these relationships affect GMP's independence with respect to this Fairness Opinion. GMP acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of Emerge and Twin Butte, and, from time to time, may have executed or may execute transactions on behalf of such companies or other clients for which GMP may have received or may receive compensation. As an investment dealer, GMP conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, Twin Butte or Emerge.

In the last two years, GMP has not provided any financial advisory services or participated in any equity financing involving Twin Butte or Emerge except acting as underwriter for Twin Butte in connection with the $23,000,000 bought deal financing closed February 22, 2010 and acting as underwriter for Emerge for the $30,090,000 bought deal financing closed October 14, 2010 and the $65,550,000 bought deal financing closed November 19, 2009.

Scope of Review Conducted by GMP

Twin Butte has requested this Fairness Opinion pursuant to the engagement agreement between Twin Butte and GMP dated November 8, 2011 (the "Engagement Agreement"). In consideration for our services, including our Fairness Opinion, GMP is to be paid a fee and is to be reimbursed for reasonable out-of-pocket expenses. The fees received by GMP in connection with the Engagement Agreement are not material to GMP. In addition, GMP is to be indemnified by Twin Butte under certain circumstances including from and against certain liabilities arising out of the performance of professional services rendered to Twin Butte by GMP and its personnel under the Engagement Agreement. GMP has not been engaged to prepare, and have not prepared, a formal valuation or appraisal of Twin Butte or Emerge or any of their respective assets, liabilities or securities, or to express any opinion with respect to the form of the Arrangement itself, and our Fairness Opinion should not be construed as such.

GMP was similarly not engaged to review any legal, tax or accounting aspects of the Arrangement. GMP has assumed, with Twin Butte's agreement, that the Arrangement is not subject to the formal valuation and the security holder approval requirements under Multilateral Instrument 61-101 and similar securities regulatory policies. In that regard, GMP has, among other things, reviewed and where it considered appropriate relied upon and analyzed certain publically available documents relating to Twin Butte, Emerge and the Arrangement, along with certain confidential financial, operational and other information relating to Twin Butte and Emerge, including information derived from meetings and discussions with the management of Twin Butte and Emerge, as well as certain reports and information prepared by Twin Butte and Emerge and certain of their respective independent consultants, as described below. Except as expressly described herein, GMP has not conducted any independent investigations to verify the accuracy and completeness thereof.

In arriving at its Fairness Opinion, GMP has reviewed and relied upon, among other things:

i) the Arrangement Agreement;

ii) management provided financial estimates, corporate presentations, asset overviews, risk metrics and chance of success estimates for Emerge and Twin Butte;

iii) discussions with senior management of Twin Butte with respect to, among other things, the past and future operations of Twin Butte and Emerge, including their competitive positions in the market, pro-forma operations and other issues deemed relevant;

iv) the audited financial statements for Twin Butte and Emerge for the year ended December 31, 2010, together with the notes thereto and the auditor's report thereon;

v) the unaudited consolidated financial statements of Twin Butte for the three and six months ended March 31, 2011 and June 30, 2011, respectively;

vi) the unaudited consolidated financial statements of Emerge for the three, six and nine months ended March 31, 2011, June 30, 2011, and September 30, 2011, respectively;

vii) management's discussion and analysis of Twin Butte and Emerge for the year ended December 31, 2010;

viii) management's discussion and analysis of Twin Butte for the three and six months ended March 31, 2011 and June 30, 2011, respectively;

ix) management's discussion and analysis of Emerge for the three, six and nine months ended March 31, 2011, June 30, 2011 and September 30, 2011, respectively;

x) the annual information forms for the year ended December 31, 2010 for each of Twin Butte and Emerge;

xi) the Twin Butte Support Agreements and the Emerge Support Agreements;

xii) Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information of each of Twin Butte and Emerge for the year ended December 31, 2010;

xiii) certain other confidential financial, operational, legal, corporate and other information prepared or provided by the senior management of Twin Butte;

xiv) public information relating to the business, operations and financial performance of Twin Butte and Emerge;

xv) officers' certificates addressed to GMP by the officers' of Twin Butte and Emerge dated the date hereof (the "Officers' Certificates") and setting out representation as to certain factual matters and the completeness and accuracy of the information upon which the Fairness Opinion is based.

GMP also conducted such other analyses, investigations, research and testing of assumptions as were deemed by GMP to be appropriate or necessary in the circumstances. Twin Butte and Emerge granted GMP access to their management groups and, to its knowledge, GMP was not denied any information requested. A significant component of GMP's review consisted of discussions with management of Twin Butte and Emerge.

This Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of this Fairness Opinion.

Key Assumptions and Limitations

GMP has assumed and relied upon, but with the Board's acknowledgement and subject to the exercise of its professional judgment, has not independently verified the accuracy, completeness and fair representation of any of the data, advice, opinions, materials, information, representations, reports and discussions, including the Officers' Certificate (collectively, the "Information") referred to above and this Fairness Opinion is conditional upon such accuracy, completeness and fair representation and GMP has assumed that since the date of the Information, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Twin Butte, Emerge or any of their subsidiaries or affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Fairness Opinion that has not been disclosed to GMP. GMP's assumptions, the procedures GMP adopted and the conclusions and opinions reached by GMP are dependent, in part, upon all such facts and Information. With respect to operating and financial forecasts and budgets provided to GMP and relied upon in its analysis, GMP has assumed that they have been reasonably prepared on bases reflecting reasonable assumptions, estimates and judgments of Emerge and Twin Butte, as appropriate, having regard to the plans, financial condition and prospects of Emerge and Twin Butte, as the case may be, and in rendering its Fairness Opinion GMP expresses no view as to the reasonableness of such forecasts or budgets or the assumptions on which they are based.

GMP believes that the analyses and factors considered in arriving at its Fairness Opinion must be considered as a whole and are not necessarily amenable to partial analysis or summary description and that selecting portions of the analyses and the factors considered by GMP, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion employed by GMP and the conclusions reached in the Fairness Opinion. In arriving at its opinion, in addition to the facts and conclusions contained in the Information, GMP has assumed, among other things, the validity and efficacy of the procedures being followed to implement the Arrangement and GMP expresses no opinion on such procedures.

GMP has, with respect to all accounting, legal and tax matters relating to the Arrangement and the implementation thereof, relied on the advice of accounting advisors and legal and tax counsel to Twin Butte and Emerge, as applicable, including information disclosed in the Information Circular, and expresses no opinion thereon.

The Arrangement is subject to a number of conditions outside the control of Twin Butte and GMP has assumed that the Arrangement will be completed in accordance with its terms without waiver, modification or amendment of any material term, condition or agreement thereof and in accordance with all applicable laws, that all conditions precedent to the completion of the Arrangement can and will be satisfied in due course and all consents, permissions, exemptions or orders of relevant regulatory authorities will be obtained, without adverse conditions or qualification.

In rendering this Fairness Opinion, GMP expresses no view as to the likelihood that the conditions respecting the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the time frame indicated in the Information Circular. GMP has also assumed that all of the representations and warranties contained in the Arrangement Agreement are true and correct as of the date hereof.

In GMP's analysis in connection with the preparation of its Fairness Opinion, GMP made numerous assumptions which it believes to be reasonable with respect to the industry performance, general business and economic conditions and other matters, many of which are beyond the control of GMP or Twin Butte.

The Fairness Opinion is rendered as of November 13, 2011 on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Twin Butte and Emerge, as the case may be, as they were reflected in the Information provided to GMP and as they were represented to GMP in its discussions with the senior management of Twin Butte and Emerge, respectively. Any material changes therein may affect the Fairness Opinion and, although it reserves the right to change or withdraw the Fairness Opinion in such event, GMP disclaims any undertaking or obligation to advise any person of any such change that may come to GMP's attention, or to update the Fairness Opinion after the date hereof.

The Fairness Opinion has been provided solely for the use of the Board and is not intended to be, and does not constitute, a recommendation to purchase securities nor should it be construed as a recommendation to vote in favour of the Arrangement. GMP's conclusion as to the fairness, from a financial point of view, to Twin Butte Shareholders of the consideration to be paid by Twin Butte under the Arrangement is based on GMP's review of the Arrangement taken as a whole, rather than on any particular element of the Arrangement, and this Fairness Opinion should be read in its entirety.

While in the opinion of GMP the assumptions used in preparing this Fairness Opinion are appropriate in the circumstances, some or all of these assumptions may prove to be incorrect.

Conclusion and Fairness Opinion

Based upon and subject to all of the foregoing and such other matters as GMP has considered relevant, GMP is of the opinion that, as of the date hereof, the consideration to be paid by Twin Butte pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders.

This Fairness Opinion may be relied upon by the Board for the purpose of considering the Arrangement and making recommendations to Twin Butte Shareholders, but may not be published, reproduced, disseminated, quoted from or referred to, in whole or in part, or be used or relied upon by any other person for any other purpose without GMP's express prior written consent. GMP expressly consents to the duplication and inclusion of this Fairness Opinion in the Information Circular, as well as a summary thereof (in a form acceptable to GMP) and to the filing thereof, as necessary, by Twin Butte and/or Emerge with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada.

Yours very truly,

(signed)

GMP Securities L.P.

APPENDIX G

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

Twin Butte Energy Ltd.
Pro Forma Consolidated Balance Sheet
As at September 30, 2011
Unaudited (000's) Cdn

Assets	Twin Butte Energy Ltd.	Emerge Oil & Gas Inc.	Pro Forma Adjustments	Notes	Consolidated Twin Butte Energy Ltd. Pro Forma
Current Assets	**$**	**$**	**$**		**$**
Crude oil inventory	-	1,135	(1,135)	2(a)	-
Accounts receivable	30,858	11,964	-		42,822
Prepaid expenses and deposits	1,933	2,181	-		4,114
Derivative assets	6,406	5,761	-		12,167
	39,197	21,041	(1,135)		59,103
Non-current assets					
Property and equipment	311,470	193,737	52,923	2(a)	558,130
Exploration and evaluation	18,217	14,330	-		32,547
Deferred taxes	-	-	826	2(a)	826
Derivative assets	1,588	1,088	-		2,676
	370,472	230,196	52,614		653,282
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	40,991	22,483	6,895	2(a)(c)	70,369
Derivative liabilities	2,107	-	-		2,107
Bank indebtedness	75,549	48,526	-		124,075
	118,647	71,009	6,895		196,551
Non-current liabilities					
Decommissioning provision	31,840	31,696	-		63,536
Other	108	-	-		108
Deferred taxes	1,851	-	(1,851)		-
Derivative liabilities	404	-	-		404
	34,203	31,696	(1,851)		64,048
Shareholders' Equity					
Share capital	227,498	139,838	(19,108)	2(a)	348,228
Contributed Surplus	6,707	6,149	(6,149)	2(a)	6,707
Retained Earnings (Deficit)	(16,583)	(18,496)	72,827	2(a)(b)	37,748
	217,622	127,491	47,570		392,683
	370,472	230,196	54,614		653,282

Twin Butte Energy Ltd.
Pro Forma Consolidated Statement of Operations and Comprehensive Income
Unaudited (000's) Cdn except for per share amounts
For the nine months ended September 30, 2011

	Twin Butte Energy Ltd. $	Emerge Oil & Gas Inc. $	Pro Forma Adjustments $	Notes	Consolidated Twin Butte Energy Ltd. Pro Forma $
Petroleum and natural gas sales	105,361	103,220	-		208,581
Royalties and resource tax	(20,742)	(22,287)	-		(43,029)
Revenue	84,619	80,933	-		165,552
Expenses					
Operating	31,757	33,731	-		65,488
Transportation	3,727	4,216	-		7,943
General and administrative	4,762	5,750	-		10,512
Share-based compensation	934	2,346	-		3,280
Depletion and depreciation	27,839	30,231	6,137	3(a)	64,207
Gain on derivatives	(10,680)	(9,817)	-		(20,497)
Gain on asset disposition	(2,590)	(4,929)	-		(7,519)
Exploration and evaluation expense	1,403	1,604	-		3,007
	57,152	63,132	6,137		126,421
Operating income before finance expense and income taxes	27,467	17,801	(6,137)		39,131
Finance expense	3,095	2,969	-		6,064
Deferred tax expense (recovery)	6,346	-	(1,534)	3(c)	4,812
	9,441	2,969	(1,534)		10,876
Net income and comprehensive income	18,026	14,832	(4,603)		28,255
Net income per share					
Basic	$ 0.14	$ 0.16			$ 0.15
Diluted	$ 0.13	$ 0.16			$ 0.15

TwinButte Energy Ltd.
Pro Forma Consolidated Statement of Operations and Comprehensive Income (Loss)
Unaudited (000's) Cdn except for per share amounts
For the year ended December 31, 2010

	Twin Butte Energy Ltd.	Emerge Oil & Gas Inc.	Pro Forma Adjustments	Notes	Consolidated Twin Butte Energy Ltd. Pro Forma
	$	$	$		$
Petroleum and natural gas sales	101,876	109,976	-		211,852
Royalties and resource tax	(20,734)	(22,067)	-		(42,801)
Revenue	81,142	87,909	-		169,051
Expenses					
Operating	32,709	43,491	-		76,200
Transportation	3,842	5,228	-		9,070
General and administrative	5,719	9,056	2,075	3(b)	16,850
Share-based compensation	867	2,466	-		3,333
Depletion and depreciation	31,696	33,554	6,182	3(a)	71,432
(Gain) loss on derivatives	(3,862)	3,422	-		(440)
Gain on asset disposition	(1,533)	-	-		(1,533)
Exploration and evaluation expense	6,313	1,941	-		8,254
	75,751	99,158	8,257		183,166
Operating income (loss) before finance expense and income taxes	5,391	(11,249)	(8,257)		(14,115)
Finance expense	4,226	1,949	-		6,175
Deferred tax expense (recovery)	483	-	(2,064)	3(c)	(1,581)
	4,709	1,949	(2,064)		4,594
Net income (loss) and comprehensive income (loss)	682	(13,198)	(6,193)		(18,709)
Net income (loss) per share					
Basic	$ 0.01	$ (0.16)			$ (0.10)
Diluted	$ 0.01	$ (0.16)			$ (0.10)

Twin Butte Energy Ltd.

Notes to the Pro Forma Consolidated Financial Statements
For the nine months ended September 30, 2011 and the year ended December 31, 2010
(unaudited)

All tabular amounts are in thousands of Canadian dollars except as otherwise indicated

1. Basis of presentation

On November 13, 2011, Twin Butte Energy Ltd. ("Twin Butte") entered into an arrangement agreement whereby Twin Butte will acquire all the issued and outstanding shares of Emerge Oil & Gas Inc. (" Emerge ") pursuant to a Plan of Arrangement under the Business Corporations Act (Alberta).

The accompanying unaudited pro forma consolidated financial statements of Twin Butte have been prepared from and should be read in conjunction with the following:

1) Twin Butte's unaudited interim financial statements as at and for the three and nine months ended September 30, 2011 and the audited financial statements as at and for the year ended December 31, 2010.

2) Emerge's unaudited interim financial statements as at and for the three and nine months ended September 30, 2011, the unaudited interim financial statements as at and for the three months ended March 31, 2011 and the audited financial statements as at and for the year ended December 31, 2010.

These pro forma consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS"). The pro forma consolidated balance sheet gives effect to the transactions and assumptions described herein as if they had occurred on September 30, 2011 and the pro forma consolidated statement of operations and comprehensive income (loss) give effect to such transactions and assumptions as if they had occurred on January 1, 2010. The pro forma consolidated financial statements may not be indicative of the results that actually would have occurred if the events reflected therein had been in effect on the dates indicated or of the results which may be obtained in the future. No adjustments have been made to reflect the expected operating synergies and administrative cost savings that could result from the combination of Twin Butte and Emerge.

Accounting policies used in the preparation of the pro forma consolidated financial statements are in accordance with those discussed in the financial statements of Twin Butte as at and for the three months and nine months ended September 30, 2011.

In the opinion of management, the pro forma consolidated financial statements include all the necessary adjustments to give effect to the transaction.

Emerge Acquisition

On November 13, 2011, Twin Butte agreed to acquire all the issued and outstanding common shares of Emerge ("Emerge Shares") pursuant to an arrangement agreement. Consideration for the Emerge Shares will be 54,138,879 voting common shares of Twin Butte ("Twin Butte Shares"). The exchange ratio of 0.585 was used based on the five day weighted average price of the Twin Butte Shares ended November 11, 2011 of $1.97, the exchange ratio for the transaction represents a deemed price of $1.15 per Emerge Share.

Twin Butte will account for this acquisition using the acquisition method of accounting.

2. Pro Forma Consolidated Unaudited Balance Sheet Adjustments

The unaudited pro forma consolidated balance sheet as at September 30, 2011, gives effect to the following assumptions and adjustments as if they occurred on September 30, 2011:

On November 13, 2011, Twin Butte entered into an arrangement agreement to acquire all of the issued and outstanding Emerge Shares.

(a) The preliminary recognized amounts of identifiable assets acquired and liabilities assumed at fair value:

Property and equipment		246,660
Exploration and evaluation		14,330
Working capital		
Accounts receivable	11,964	
Prepaids and deposits	2,181	
Accounts payable and accrued liabilities	(27,303)	
Derivative asset	6,849	
Bank debt	(48,526)	(54,835)
Decommissioning liability		(31,696)
Deferred taxes		2,677
		177,136
Share consideration		
		120,730
Fair value of Twin Butte Shares issued (54,138,879 at $2.23 per share)		
Difference between consideration paid and estimated fair value of net assets		56,406
		177,136

The above preliminary purchase price and recognized amounts of identifiable assets acquired and liabilities assumed has been determined from information that is available to the management of Twin Butte at this time and incorporates estimates. The acquisition accounting will be finalized after all actual results have been obtained and the final fair values of the assets and liabilities have been determined. The estimated costs of the transaction for Emerge are expected to aggregate $4.8 million and are included in accounts payable and accrued liabilities of Emerge. The decommissioning liability was valued using the risk free rate and will be adjusted to fair value upon the closing of the transaction and finalization of the acquisition accounting. The fair values for reserves and land were based on the information available to management including Emerge's most recent independent reserve report at December 31, 2010. The closing price of the Twin Butte Shares as of December 1, 2011 was $2.23, which was used to determine the above share consideration. The actual consideration will be based on the share price of the Twin Butte Shares on the acquisition date. Accordingly, the above acquisition accounting is subject to change.

This acquisition was entered into assuming that option holders of Emerge would be paid out by Twin Butte, the difference between the exercise prices of $0.25 and $1.00 and the deemed price of $1.30 on December 1, 2011. The remaining out of the money options will be cancelled. The option pay out is included in the transaction costs discussed earlier of Emerge.

(b) Based on the acquisition accounting, the aggregate consideration transferred is less than the fair value of the identifiable assets acquired and liabilities assumed. However, this will be reevaluated based on the closing price of the shares on the actual acquisition date, and the fair value of the net assets received are subject to changes as fair values are finalized and the acquisition closes. For the purpose of this transaction, this unallocated amount, or bargain purchase, has been included in retained earnings (deficit) in the pro forma consolidated balance sheet and for the purpose of the pro forma consolidated statement of operations and comprehensive income (loss), it has been excluded as it will not be reoccurring and there is uncertainty on the ultimate gain, if any.

(c) Included in accounts payable and retained earnings (deficit) are transaction costs for Twin Butte estimated to total $2.1 million.

Twin Butte Energy Ltd.

Notes to the Pro Forma Consolidated Financial Statements
For the nine months ended September 30, 2011 and the year ended December 31, 2010
(unaudited)

3. Pro Forma Unaudited Consolidated Statement of Operations and Comprehensive Income (Loss) Adjustments

The unaudited pro forma consolidated statements of operations and comprehensive income (loss) for the nine months ended September 30, 2011 and for the year end December 31, 2010, give effect to the following assumptions and adjustments as if the transactions described herein had occurred on January 1, 2010.

(a) Depreciation and depletion expenses have been adjusted as if all transactions had occurred on January 1, 2010.

(b) Twin Butte has included $2.1 million for transaction charges in general and administration expense for estimated costs of completing this transaction.

(c) The provision for deferred income taxes for the nine months ended September 30, 2011 and for the year ended December 31, 2010 has been adjusted for the impact of the pro forma adjustments on the pro forma statement of operations using an effective rate of 25%.

(d) The pro forma basic and diluted per common share amounts have been calculated using the basic and diluted weighted average number of Twin Butte Shares estimated to be outstanding as if the acquisition in Note (1) had occurred on January 1, 2010.

	Nine months ended September 30, 2011	Year ended December 31, 2010
Weighted average shares outstanding, basic:		
Before acquisition	133,439,344	126,546,454
Emerge acquisition - Twin Butte Shares	54,138,879	54,138,879
Weighted average shares outstanding, basic	187,578,223	180,685,333
Weighted average shares outstanding, diluted:		
Before acquisition	136,219,131	127,469,677
Emerge acquisition - Twin Butte Shares	54,138,879	54,138,879
Weighted average shares outstanding, diluted	190,358,010	181,608,556

APPENDIX H

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

Emerge Shareholders each have the right to dissent in respect of the Arrangement in accordance with Section 191 of the ABCA (as varied by the Interim Order in the case of the Emerge Dissent Rights). Such rights of dissent are described in the Information Circular under the heading "*The Arrangement – Rights of Dissent*". The full text of Section 191 of the ABCA is set forth below.

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under Section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in Section 15.2(1);

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right he may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of his right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5)

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

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On:

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13);

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

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

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

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

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

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

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

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

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

APPENDIX I

INFORMATION CONCERNING EMERGE

Summary Description of the Business of Emerge

Emerge is engaged in the business of oil and natural gas exploration, development, acquisition and production in Western Canada. Emerge is a reporting issuer in the provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario and the Emerge Shares are listed for trading on the TSX under the symbol "EME".

For further information regarding Emerge and its business activities see the Emerge AIF, which is incorporated by reference herein.

Documents Incorporated by Reference

Information has been incorporated by reference in this Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President, Finance and Chief Financial Officer of Emerge at 1800, 250 – 2nd Street S.W., Calgary, Alberta T2P 0C1 (Telephone (403) 718-3850) or by accessing the disclosure documents available through the internet on SEDAR at www.sedar.com.

The following documents, or portions thereof, of Emerge have been filed with the securities commission or similar authority in certain of the provinces of Canada and are specifically incorporated by reference into, and form an integral part of, this Information Circular:

(a) the Emerge AIF;

(b) the audited financial statements of Emerge for the years ended December 31, 2010 and 2009, together with the notes thereto and the auditor's report thereon;

(c) management's discussion and analysis of the financial condition and operations of Emerge as at and for the year ended December 31, 2010;

(d) notes 2, 3 and 15 of the unaudited condensed interim financial statements of Emerge as at March 31, 2011 and for the three months ended March 31, 2011 and 2010;

(e) the unaudited interim comparative financial statements of Emerge as at and for the three and nine month periods ended September 30, 2011, together with the notes thereto;

(f) management's discussion and analysis of the financial condition and results of operations of Emerge as at and for the three and nine month periods ended September 30, 2011;

(g) the Emerge Annual Information Circular;

(h) the material change report of Emerge dated November 15, 2011 in respect of the Arrangement;

(i) the material change report of Emerge dated October 3, 2011 in respect the divestiture of its crude oil and emulsion processing facility and the reaffirmation of its borrowing base under its syndicated credit facilities at $75.0 million;

(j) the material change report of Emerge dated February 4, 2011 in respect of a farm-in agreement in certain lands in East-Central Alberta; and

(k) the material change report of Emerge dated January 17, 2011 in respect of the approval of its 2011 capital expenditure budget and an operations update with respect to its 2010 average sales volumes and its 2010 drilling program.

Any material change reports (excluding confidential material change reports), comparative unaudited interim financial statements, comparative annual financial statements and the auditor's report thereon and information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, of the Canadian Securities Administrators to be incorporated by reference herein) filed by Emerge with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this Information Circular and prior to the Effective Date shall be deemed to be incorporated by reference in this Information Circular.

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

Consolidated Capitalization

There have been no material changes to the consolidated capitalization of Emerge since September 30, 2011. See "*Pro Forma Information of Twin Butte After Giving Effect to the Arrangement - Pro Forma Consolidated Capitalization*" in the Information Circular for a description of Emerge's consolidated capitalization as at September 30, 2011.

Description of Share Capital

Emerge is authorized to issue an unlimited number of Emerge Shares without nominal or par value, of which, as at the date hereof, 92,545,093 Emerge Shares are issued and outstanding as fully paid and non-assessable. Emerge is also authorized to issue and unlimited number of preferred shares ("**Preferred Shares**"), without nominal or par value. There are no Preferred Shares issued and outstanding as at the date hereof.

Emerge Shares

The holders of Emerge Shares are entitled to dividends as and when declared by the Emerge Board, to one vote per share at meetings of shareholders of Emerge and, upon liquidation, to receive such assets of Emerge as are distributable to the holders of the Emerge Shares.

Preferred Shares

The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the Emerge Board who may also fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. There are no Preferred Shares issued and outstanding as at the date hereof. The Preferred Shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of Emerge, whether voluntary, or any other distribution of the assets of Emerge among its shareholders for the purpose of winding-up its affairs, rank equally with the Preferred Shares of every other series and shall be entitled to preference over the Emerge Shares, and the shares of any other class ranking junior to the Preferred Shares.

Prior Sales

The following table summarizes the issuances by Emerge of Emerge Shares or securities convertible into Emerge Shares in the 12-month period prior to the date of this Information Circular:

Date	Securities	Price Per Security $	Number of Securities
December 7, 2010	Emerge Shares [(1)]	2.00	10,000
December 13, 2010	Emerge Shares [(1)]	2.00	31,500
December 16, 2010	Emerge Options	3.40 [(2)]	215,000
December 17, 2010	Emerge Shares [(1)]	1.00	15,000
December 20, 2010	Emerge Shares [(1)]	2.00	28,900
December 22, 2010	Emerge Options	3.49 [(2)]	755,000
January 13, 2011	Emerge Shares [(1)]	1.00	20,000
January 17, 2011	Emerge Options	3.15 [(2)]	40,000
January 27, 201	Emerge Shares [(1)]	2.00	13,333
February 4, 2011	Emerge Options	3.50 [(2)]	20,000
February 11, 2011	Emerge Shares [(1)]	2.00	10,000
March 25, 2011	Emerge Options	3.08 [(2)]	250,000
August 2, 2011	Emerge Shares [(1)]	1.00	20,000
November 18, 2011	Emerge Shares [(1)]	1.00	70,000
December 2, 2011	Emerge Shares [(1)]	1.00	62,400
December 5, 2011	Emerge Shares [(1)]	1.00	44,266

Notes:

(1) Represents Emerge Shares issued pursuant to the exercise of previously issued Emerge Options.
(2) Represents the exercise price of Emerge Options to purchase Emerge Shares.

Prior Valuations and Bona Fide Offers for Emerge

To the knowledge of Emerge, the Emerge Board and management of Emerge, after reasonable enquiry, there have been no prior valuations (as such term is defined in MI 61-101) of Emerge, its material assets or its securities made in the 24 months preceding the date of this Information Circular.

Other than as disclosed elsewhere herein, no *bona fide* prior offer (within the meaning of MI 61-101) has been received by Emerge that relates to the Emerge Shares or is otherwise relevant to the Arrangement during the 24 months before the Arrangement was agreed to.

Price Range and Trading Volume of Emerge Shares

The outstanding Emerge Shares are listed and posted for trading on the TSX under the symbol "EME". The following table sets forth the price range for and trading volume of the Emerge Shares as reported by the TSX for the periods indicated.

Period	Share Price ($) High	Share Price ($) Low	Volume
2010			
December	3.75	3.31	2,246,407
2011			
January	3.65	2.96	21,892,698

February	3.99	3.48	11,088,527
March	3.78	2.87	9,233,729
April	3.23	2.85	6,667,084
May	2.94	2.25	3,972,501
June	2.86	1.74	3,125,520
July	2.29	1.91	2,880,793
August	1.99	1.23	4,967,327
September	1.42	0.80	3,425,149
October	1.06	0.75	5,079,072
November	1.32	0.91	14,741,117
December (1-8)	1.39	1.18	1,287,468

On November 11, 2011, the last trading day on which the Emerge Shares traded prior to announcement of the Arrangement, the closing price of the Emerge Shares was $0.99. On December 8, 2011, the closing price of the Emerge Shares was $1.24.

Risk Factors

An investment in Emerge Shares and Twin Butte Shares is subject to certain risks. Twin Butte Shareholders and Emerge Shareholders should carefully consider the risk factors described under the heading "*The Arrangement – Risk Factors Related to the Arrangement*" in the Information Circular, under the heading "*Risk Factors*" in the Emerge AIF, incorporated by reference herein and the risk factors set forth in Emerge's management's discussion and analysis for each of the year ended December 31, 2010 and the three and nine month periods ended September 30, 2011, also incorporated by reference in this Information Circular. Additionally, Twin Butte Shareholders and Emerge Shareholders should carefully consider the risk factors set forth under the heading "*Risk Factors*" in the Twin Butte AIF, incorporated by reference herein and the risk factors set forth in Twin Butte's management's discussion and analysis for each of the year ended December 31, 2010 and the three and nine month periods ended September 30, 2011, also incorporated by reference in this Information Circular.

Auditors, Transfer Agent and Registrar

The auditors of Emerge are KPMG LLP, Chartered Accountants. The transfer agent and registrar for the Emerge Shares is Olympia Trust Company at its principal offices in Toronto, Ontario and Calgary, Alberta. KPMG LLP is independent of Emerge in accordance with the auditor's rules of professional conduct of the Institute of Chartered Accountants of Alberta.

APPENDIX J

INFORMATION CONCERNING TWIN BUTTE

Summary Description of the Business of Twin Butte

Twin Butte is a Calgary, Alberta based oil and gas company engaged in the exploration, development and production of oil and natural gas in the Western Canadian Sedimentary Basin. Twin Butte's focus is to increase its underlying value through a combination of a focused development and exploitation program, strategic acquisitions and some exploration. Over the next few years it is Twin Butte's intent to establish a portfolio of assets of varying maturity to maintain the overall predictability of Twin Butte's cash flow stream. When possible, Twin Butte will operate its assets working in areas with year round access, thereby minimizing time delays between prospect generation and first production and maintaining more efficient cost controls.

For further information regarding Twin Butte and its business activities, see the Twin Butte AIF, which is incorporated by reference herein.

Documents Incorporated by Reference

Information has been incorporated by reference in the Information Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Vice President Finance, Chief Financial Officer and Corporate Secretary of Twin Butte at Suite 410, 396 – 11th Avenue S.W. Calgary, Alberta T2R 0C5 telephone (403) 215-2692) or by accessing the disclosure documents available through the internet on SEDAR at www.sedar.com.

The following documents, or portions thereof, of Twin Butte have been filed with the securities commission or similar authorities in certain of the provinces of Canada and are specifically incorporated by reference into, and form an integral part of, the Information Circular:

(a) the Twin Butte AIF;

(b) the audited financial statements of Twin Butte for the years ended December 31, 2010 and 2009, together with the notes thereto and the auditor's report thereon;

(c) management's discussion and analysis of the financial condition and operations of Twin Butte for the years ended December 31, 2010;

(d) the unaudited interim comparative financial statements of Twin Butte as at and for the three and nine month periods ended September 30, 2011, together with the notes thereto;

(e) management's discussion and analysis of the financial condition and operations of Twin Butte for the three and nine month periods ended September 30, 2011;

(f) the Twin Butte Annual Information Circular; and

(g) the material change report of Twin Butte dated November 15, 2011 in respect of the Arrangement.

Any material change reports (excluding confidential material change reports), comparative unaudited interim financial statements, comparative annual financial statements and the auditors report thereon and information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators to be incorporated by reference herein) filed by Twin Butte with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of the Information Circular and prior to the Effective Date shall be deemed to be incorporated by reference in the Information Circular.

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

Consolidated Capitalization

There have been no material changes to the consolidated capitalization of Twin Butte since September 30, 2011. See "*Pro Forma Information of Twin Butte After Giving Effect to the Arrangement - Pro Forma Consolidated Capitalization*" in the Information Circular for a description of Twin Butte's consolidated capitalization as at September 30, 2011 both before and after giving effect to the Arrangement.

Description of Share Capital

Twin Butte is authorized to issue an unlimited number of Twin Butte Shares without nominal or par value, of which, as at the date hereof, 135,408,937 Twin Butte Shares are issued and outstanding as fully paid and non-assessable. Twin Butte is also authorized to issue and unlimited number of preferred shares, without nominal or par value. There are no preferred shares issued and outstanding as at the date hereof.

Twin Butte Shares

Holders of Twin Butte Shares are entitled to one vote per share at meetings of shareholders of Twin Butte, to receive dividends if, as and when declared by the Twin Butte Board and to receive pro rata the remaining property and assets of Twin Butte upon its dissolution, liquidation or winding-up, subject to the rights of shares having priority over the Twin Butte Shares.

Preferred Shares

Each series of preferred shares shall consist of such number of shares and have such rights, privileges, restrictions and conditions as may be determined by the Twin Butte Board prior to the issuance thereof. With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or winding-up of Twin Butte, whether voluntary or involuntary, the preferred shares are entitled to preference over the Twin Butte Shares and any other shares ranking junior to the preferred shares from time to time and may also be given such other preferences over the Twin Butte Shares and any other shares ranking junior to the preferred shares as may be determined at the time of creation of such series.

Prior Sales

The following table summarizes the issuance by Twin Butte of Twin Butte Shares or securities convertible into Twin Butte Shares in the 12-month period prior to the date of the Information Circular.

Date	Securities	Price Per Security $	Number of Securities
January 2011 – May 2011	Twin Butte Shares (on exercise of warrants)	2.14	6,824,838
December 7, 2010	Twin Butte Options	1.97[(1)]	1,905,650

Month of December 2010	Twin Butte Shares (on exercise of options)	1.02	13,333
January 21, 2011	Twin Butte Options	2.46[(1)]	225,000
Month of January 2011	Twin Butte Shares (on exercise of options)	0.86	66,666
February 1, 2011	Twin Butte Options	2.62[(1)]	120,000
Month of February 2011	Twin Butte Shares (on exercise of options)	1.11	56,667
Month of March 2011	Twin Butte Shares (on exercise of options)	0.92	19,900
April 1, 2011	Twin Butte Options	3.32[(1)]	160,000
April 29, 2011	Twin Butte Options	2.86[(1)]	30,000
Month of April 2011	Twin Butte Shares (on exercise of options)	1.31	21,667
Month of May 2011	Twin Butte Shares (on exercise of options)	0.71	43,332
June 11, 2011	Twin Butte Options	2.40[(1)]	1,365,500
Month of June 2011	Twin Butte Shares (on exercise of options)	0.79	64,999
July 11, 2011	Twin Butte Options	2.63[(1)]	215,000
July 18, 2011	Twin Butte Options	2.67[(1)]	80,000
Month of July 2011	Twin Butte Shares (on exercise of options)	1.26	113,200
August 2, 2011	Twin Butte Options	2.64[(1)]	150,000
August 24, 2011	Twin Butte Options	1.79[(1)]	30,000
September 21, 2011	Twin Butte Options	1.78[(1)]	175,000
October 3, 2011	Twin Butte Options	1.50[(1)]	24,000
October 24, 2011	Twin Butte Options	1.59[(1)]	35,000

Notes:

(1) Represents the exercise price of the Twin Butte Options granted on that date.

Price Range and Trading Volume of Twin Butte Shares

The outstanding Twin Butte Shares are listed and posted for trading on the TSX under the symbol "TBE". The following table sets forth the price range for and trading volume of the Twin Butte Shares as reported by the TSX for the periods indicated.

Period	Share Price ($) High	Low	Volume (000's)
2010			
December	2.19	1.88	15,630
2011			
January	2.73	2.00	29,626
February	3.23	2.68	31,125
March	3.52	2.77	21,110
April	3.50	2.61	12,740
May	2.90	2.32	10,738
June	2.67	2.23	4,240
July	2.95	2.42	4,611
August	2.57	1.60	26,898
September	2.10	1.46	7,297
October	2.04	1.28	14,247
November	2.33	1.80	16,925
December (1- 8)	2.36	2.06	10,716

On November 11, 2011, the last trading day on which the Twin Butte Shares traded prior to announcement of the Arrangement, the closing price of the Twin Butte Shares was $1.94. On December 8, 2011, the closing price of the Twin Butte Shares was $2.10.

Risk Factors

An investment in the Twin Butte Shares is subject to certain risks. Twin Butte Shareholders and Emerge Shareholders should carefully consider the risk factors described under the heading "*The Arrangement – Risk Factors Related to the Arrangement*" in the Information Circular, under the heading "*Risk Factors*" in the Twin Butte AIF, incorporated by reference herein and the risk factors set forth in Twin Butte's management's discussion and analysis for each of the year ended December 31, 2010 and the three and nine month periods ended September 30, 2011, also incorporated by reference in this Information Circular. Additionally, Twin Butte Shareholders and Emerge Shareholders should carefully consider the risk factors set forth under the heading "*Risk Factors*" in the Emerge AIF, incorporated by reference herein and the risk factors set forth in Emerge's management's discussion and analysis for each of the year ended December 31, 2010 and the three and nine month periods ended September 30, 2011, also incorporated by reference in this Information Circular.

Auditors, Transfer Agent and Registrar

The auditors of Twin Butte are PricewaterhouseCoopers LLP, Chartered Accountants. The transfer agent and registrar for the Twin Butte Shares is Valiant Trust Company at its principal offices in Toronto, Ontario and Calgary, Alberta. PricewaterhouseCoopers LLP is independent of Twin Butte in accordance with the auditor's rules of professional conduct in Alberta.

APPENDIX K

TWIN BUTTE SHARE AWARD INCENTIVE PLAN

The Board of Directors of Twin Butte Energy Ltd. (the "**Corporation**") has adopted this Share Award Incentive Plan (the "**Plan**") to govern the issuance of Share Awards to Service Providers.

1. Purposes

The principal purposes of the Plan are as follows:

(a) to retain and attract qualified Service Providers that the Corporation and Twin Butte Affiliates require;

(b) to promote a proprietary interest in the Corporation by such Service Providers and to encourage such persons to remain in the employ or service of the Corporation and Twin Butte Affiliates and put forth maximum efforts for the success of the affairs of the Corporation and the business of the Twin Butte Affiliates; and

(c) to focus management of the Corporation and Twin Butte Affiliates on operating and financial performance and long-term Total Shareholder Return.

2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

(a) "**Adjustment Ratio**" means, with respect to any Share Award, the ratio used to adjust the number of Common Shares to be issued on the applicable Issue Dates pertaining to such Share Award determined in accordance with the terms of the Plan; and, in respect of each Share Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted thereafter by increasing the Adjustment Ratio on each Dividend Payment Date, effective on the day following the Dividend Record Date, by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Dividend, expressed as an amount per Common Share, paid on that Dividend Payment Date, and having as its denominator the Reinvestment Price;

(b) "**Black-Out Period**" means a period of time imposed by the Corporation upon certain designated persons during which those persons may not trade in any securities of the Corporation;

(c) "**Board**" means the board of directors of the Corporation as it may be constituted from time to time;

(d) "**Cessation Date**" means the date that is the earlier of:

(i) the date of the Service Provider's termination or resignation, as the case may be; or

(ii) the date that the Service Provider ceases to be in the active performance of the usual and customary day-to-day duties of the Service Provider's position or job,

regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being a Service Provider;

(e) "**Change of Control**" means:

(i) a successful "take-over bid" (as defined in the *Securities Act* (Alberta), as amended from time to time), pursuant to which the "offeror" as a result of such take-over bid

beneficially owns, directly or indirectly, in excess of 50% of the outstanding Common Shares; or

(ii) any change in the beneficial ownership or control of the outstanding securities or other interests which results in:

(I) a person or group of persons "acting jointly or in concert" (as defined in the *Securities Act* (Alberta), as amended from time to time), or;

(II) an "affiliate" or "associate" (each as defined in the *Business Corporations Act* (Alberta), as amended from time to time) of such person or group of persons;

holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or other interests of the Corporation; or

(iii) Incumbent Directors no longer constituting a majority of the Board; or

(iv) the completion of an arrangement, merger or other form of reorganization of the Corporation where the holders of the outstanding voting securities or interests of the Corporation immediately prior to the completion of the arrangement, merger or other form of reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, merger or other form of reorganization; or

(v) the winding up or termination of the Corporation or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of the Corporation to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Corporation is continued and where the securityholdings in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if paragraphs (ii) and (iii) above were applicable to the transaction), or

(vi) any determination by a majority of the Board that a Change of Control has occurred or is about to occur and any such determination shall be binding and conclusive for all purposes of the Plan;

provided that a Change of Control shall be deemed not to have occurred if a majority of the Board, in good faith, determines that a Change of Control was not intended to occur in the particular circumstances in question and any such determination shall be binding and conclusive for all purposes of the Plan;

(f) "**Committee**" has the meaning set forth in Section 3 hereof;

(g) "**Common Shares**" means common shares of the Corporation;

(h) "**Corporate Performance Measures**" for any period that the Committee in its sole discretion shall determine, means the performance measures to be taken into consideration in granting Share Awards under the Plan and determining the Payout Multiplier in respect of any Performance Award, which may include, without limitation, any one or more of the following:

(i) Relative Total Shareholder Return;

(ii) Recycle Ratio;

(iii) activities related to growth of the Corporation and the Twin Butte Affiliates;

(iv) average production volumes of the Corporation and the Twin Butte Affiliates;

(v) unit costs of production of the Corporation and the Twin Butte Affiliates;

(vi) total proved reserves (on a net basis) of the Corporation and the Twin Butte Affiliates;

(vii) key leading and lagging indicators of health, safety and environmental performance of the Corporation and the Twin Butte Affiliates;

(viii) the execution of the Corporation's strategic plan as determined by the Board in its sole discretion; and

(ix) such additional or other measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances;

(i) "**Dividend**" means any dividend paid by the Corporation in respect of the Common Shares, whether in the form of cash or Common Shares, expressed as an amount per Common Share;

(j) "**Dividend Payment Date**" means any date that a Dividend is paid to Shareholders;

(k) "**Dividend Record Date**" means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;

(l) "**Exchange**" means the TSX and such other stock exchange(s) on which the Common Shares are then listed and posted for trading from time to time;

(m) "**Expiry Date**" means the fifth anniversary of the grant date of the Restricted Award or the Performance Award, as applicable, or such other date as determined by the Committee in its sole discretion, provided that in no circumstances shall the Expiry Date exceed seven (7) years from the applicable grant date;

(n) "**Fair Market Value**" means the volume weighted average of the prices at which the Common Shares traded on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Committee in its sole discretion) for the five (5) trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Committee in its sole discretion, acting reasonably and in good faith. If initially determined in United States dollars, the Fair Market Value shall be converted into Canadian dollars at an exchange rate selected and calculated in the manner determined by the Committee from time to time acting reasonably and in good faith;

(o) "**Grantees**" has the meaning set forth in Section 4 hereof;

(p) "**Incumbent Directors**" means any member of the Board who was a member of the Board at the effective date of the Plan and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the Board, prior to the occurrence of a transaction, transactions, elections or appointments giving rise to a Change of Control;

(q) "**Issue Date**" means, with respect to any Share Award, the date upon which Common Shares awarded thereunder shall be issued to the Grantee of such Share Award;

(r) "**Leave of Absence**" means a Service Provider being absent from active employment or active service as a result of sabbatical, disability, education leave, maternity or parental leave, or any other form of leave approved by the Committee;

(s) "**Non-Management Director**" means a director of the Corporation who is not an officer or employee of the Corporation or a Twin Butte Affiliate;

(t) "**Payout Multiplier**" means the payout multiplier determined by the Committee in its sole discretion in accordance with Section 6(d) hereof;

(u) "**Peer Comparison Group**" means, generally, public Canadian oil and gas issuers that in the opinion of the Committee are competitors of the Corporation and which shall be determined from time to time by the Committee in its sole discretion;

(v) "**Performance Award**" means an award of Common Shares under the Plan designated as a "Performance Award" in the Share Award Agreement pertaining thereto, which Common Shares shall be issued on the Issue Date(s) determined in accordance with Section 6(c)(ii) hereof, subject to adjustment pursuant to the provisions of such section;

(w) "**Recycle Ratio**" means a measure of capital efficiency calculated by dividing the after-tax netback of production by the cost of adding reserves, or calculated in such other manner as may be determined by the Committee in its sole discretion;

(x) "**Reinvestment Price**" means the price, expressed as an amount per Common Share, paid by participants in the Corporation's dividend reinvestment plan, if any, to reinvest their Dividends in additional Common Shares on a Dividend Payment Date, provided that if the Corporation has suspended the operation of such plan or does not have such a plan, then the Reinvestment Price shall be equal to the Fair Market Value of the Common Shares on the trading day immediately preceding the Divided Payment Date;

(y) "**Relative Total Shareholder Return**" means the percentile rank, expressed as a whole number, of Total Shareholder Return relative to returns calculated on a similar basis on securities of members of the Peer Comparison Group over the applicable period as may be determined by the Committee in its sole discretion;

(z) "**Restricted Award**" means an award of Common Shares under the Plan designated as a "Restricted Award" in the Share Award Agreement pertaining thereto, which Common Shares shall be issued on the Issue Dates(s) determined in accordance with Section 6(c)(i) hereof, subject to adjustment pursuant to the provisions of such section;

(aa) "**Service Providers**" has the meaning set forth in Section 4 hereof;

(bb) "**Share Award**" means a Restricted Award or Performance Award made pursuant to the Plan;

(cc) "**Share Award Agreement**" has the meaning set forth in Section 6 hereof;

(dd) "**Shareholder**" means a holder of Common Shares;

(ee) "**Successor**" has the meaning set forth in Section 9 hereof;

(ff) "**Total Shareholder Return**" means, with respect to any period, the total return to Shareholders on the Common Shares calculated using cumulative Dividends on a reinvested basis and the change in the trading price of the Common Shares on the TSX over such period (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common

Shares are then listed and posted for trading as may be selected for such purpose by the Committee in its sole discretion) as may be determined by the Committee in its sole discretion;

(gg) "**TSX**" means the Toronto Stock Exchange; and

(hh) "**Twin Butte Affiliate**" means a corporation, partnership, trust or other entity that is controlled by the Corporation or that is controlled by the same person that controls the Corporation. For purposes of this definition, a person (the first person) is considered to control another person (the second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of: (i) ownership of or direction over voting securities in the second person, (ii) a written agreement or indenture, (iii) being the general partner or controlling the general partner of the second person, or (iv) being the trustee of the second person;

3. Administration

The Plan shall be administered by the Compensation Committee of the Board (the "**Committee**"), provided that the Board shall have the authority to appoint itself or another committee of the Board to administer the Plan. In the event that the Board appoints itself or another committee of the Board to administer the Plan, all references in the Plan to the Committee will be deemed to be references to the Board or such other committee of the Board, as applicable.

The Committee shall have the authority in its sole discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, subject to and not inconsistent with the express provisions of this Plan and of Section 10 hereof, including, without limitation:

(a) the authority to grant Share Awards;

(b) to determine the Fair Market Value of the Common Shares on any date;

(c) to determine the Service Providers to whom, and the time or times at which Share Awards shall be granted and shall become issuable;

(d) to determine the number of Common Shares to be covered by each Share Award;

(e) to determine members of the Peer Comparison Group from time to time;

(f) to determine the Corporate Performance Measures and the Payout Multiplier in respect of a particular period;

(g) to prescribe, amend and rescind rules and regulations relating to the Plan;

(h) to interpret the Plan;

(i) to determine the terms and provisions of Share Award Agreements (which need not be identical) entered into in connection with Share Awards; and

(j) to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Committee may delegate to one or more of its members, to the President and Chief Executive Officer of the Corporation or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan.

For greater certainty and without limiting the discretion conferred on the Committee pursuant to this Section, the Committee's decision to approve the grant of a Share Award in any period shall not require the Committee to approve the grant of a Share Award to any Service Provider in any other period; nor shall the Committee's decision with respect to the size or terms and conditions of a Share Award in any period require it to approve the grant of a Share Award of the same or similar size or with the same or similar terms and conditions to any Service Provider in any other period. The Committee shall not be precluded from approving the grant of a Share Award to any Service Provider solely because such Service Provider may previously have been granted a Share Award under this Plan or any other similar compensation arrangement of the Corporation or a Twin Butte Affiliate. No Service Provider has any claim or right to be granted a Share Award.

4. Eligibility and Award Determination

Share Awards may be granted only to persons who are employees, officers or directors of the Corporation or any Twin Butte Affiliate or who are consultants or other service providers to the Corporation or any Twin Butte Affiliate (collectively, "**Service Providers**"); provided, however, that the participation of a Service Provider in the Plan is voluntary. For greater certainty, a transfer of employment or services between the Corporation and a Twin Butte Affiliate or between Twin Butte Affiliates shall not be considered an interruption or termination of the employment of a Grantee for any purpose of the Plan. In determining the Service Providers to whom Share Awards may be granted ("**Grantees**") and the number of Common Shares to be covered by each Share Award, the Committee may take into account such factors as it shall determine in its sole discretion, including, if so determined by the Committee, any one or more of the following factors:

(a) compensation data for comparable benchmark positions among the Peer Comparison Group or among other comparison groups;

(b) the duties, responsibilities, position and seniority of the Grantee;

(c) the Corporate Performance Measures for the applicable period compared with internally established performance measures approved by the Committee and/or similar performance measures of members of the Peer Comparison Group or other comparison groups for such period;

(d) the individual contributions and potential contributions of the Grantee to the success of the Corporation;

(e) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of the Corporation;

(f) the Fair Market Value or current market price of the Common Shares at the time of such Share Award; and

(g) such other factors as the Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Plan.

5. Reservation of Common Shares

Subject to Sections 6(c)(i)(III), 6(c)(ii)(III), 6(i) and 9 hereof, the number of Common Shares reserved for issuance from time to time pursuant to Share Awards granted and outstanding hereunder and pursuant to all other security based compensation arrangements of the Corporation at any time shall not exceed a number of Common Shares equal to 10% of the aggregate number of issued and outstanding Common Shares. This prescribed maximum may be subsequently increased to any specified amount, provided the increase is authorized by a vote of the Shareholders. For this purpose, "security based compensation arrangements" has the meaning ascribed thereto in Part VI of the Company Manual of the TSX.

If any Share Award granted under this Plan shall expire, terminate or be cancelled for any reason without the Common Shares issuable thereunder having been issued in full, any unissued Common Shares to which such Share Award relates shall be available for the purposes of the granting of further Share Awards under this Plan.

6. Terms and Conditions of Share Awards

Each Share Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a written agreement between the Corporation and the Grantee (a "**Share Award Agreement**") which agreement shall comply with, and be subject to, the requirements of the Exchange and the following terms and conditions (and with such other terms and conditions as the Committee, in its sole discretion, shall establish):

(a) ***Type of Share Awards*** - The Committee shall determine the number of Common Shares to be awarded to a Grantee pursuant to the Share Award in accordance with the provisions set forth in Section 4 hereof and shall designate such award as either a "Restricted Award" or a "Performance Award", as applicable, in the Share Award Agreement relating thereto.

(b) ***Limitations on Share Awards*** - No one Service Provider may be granted any Share Award which, together with all Share Awards then held by such Grantee, would entitle such Grantee to receive a number of Common Shares which is greater than 5% of the outstanding Common Shares, calculated on an undiluted basis. In addition: (i) the number of Common Shares issuable to insiders at any time, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares; and (ii) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares. For this purpose, "insiders" and "security based compensation arrangements" have the meanings ascribed thereto in Part VI of the Company Manual of the TSX. The number of Common Shares issuable pursuant to this Plan to Non-Management Directors, in aggregate, will be limited to a maximum of 0.5% of the issued and outstanding Common Shares and the value of all Share Awards granted to any Non-Management Director during a calendar year, as calculated on the date of grant, cannot exceed $100,000 (for purposes of monitoring compliance with these limitations, a Payout Multiplier of 1.0 will be assumed for any Performance Awards).

(c) ***Issue Dates and Adjustment of Share Awards***

(i) Restricted Awards: Subject to Section 6(f) hereof, with respect to any Restricted Award, the Issue Dates for the issuance of Common Shares thereunder shall be as follows unless otherwise determined by the Committee (and, for greater certainty, the Committee may in its sole discretion impose additional or different conditions to the determination of the Issue Date(s) in respect of or the issue of Common Shares pursuant to any Restricted Award including, without limitation, performance conditions), provided that the Grantee remains in continuous employment or service with the Corporation or a Twin Butte Affiliate through the applicable Issue Date:

(A) as to one-third of the Common Shares awarded pursuant to such Restricted Award, on the first anniversary of the grant date of the Restricted Award;

(B) as to one-third of the Common Shares awarded pursuant to such Restricted Award, on the second anniversary of the grant date of the Restricted Award; and

(C) as to the remaining one-third of the Common Shares awarded pursuant to such Restricted Award, on the third anniversary of the grant date of the Restricted Award;

provided, however, that:

(I) where a Grantee is on a Leave of Absence, the Issue Date or Issue Dates for any Restricted Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, the Issue Date for any Restricted Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made to the Adjustment Ratio for Dividends that are paid during, that portion of the Leave of Absence that exceeds three (3) months, and further provided that if any such extension would cause the Issue Date or Issue Dates to extend beyond the Expiry Date, the Restricted Awards to be issued on such Issue Date or Issue Dates shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee;

(II) where an Issue Date occurs on a date when a Grantee is subject to a Black-Out Period, such Issue Date shall be extended to a date which is within ten business days following the end of such Black-Out Period;

(III) in the event of any Change of Control prior to the Issue Dates determined in accordance with the above provisions of this Section 6(c)(i), and regardless of whether or not a Grantee is on a Leave of Absence, the Issue Date for all Common Shares awarded pursuant to such Restricted Award that have not yet been issued as of such time shall be the date which is immediately prior to the date upon which a Change of Control is completed; and

(IV) immediately prior to each Issue Date, the number of Common Shares to be issued on such Issue Date shall be adjusted by multiplying such number by the Adjustment Ratio applicable in respect of such Restricted Award.

(ii) Performance Awards: Subject to Section 6(f) hereof, with respect to any Performance Award, the Issue Dates for the issuance of Common Shares thereunder shall be as follows unless otherwise determined by the Committee (and, for greater certainty, the Committee may in its sole discretion impose additional or different conditions to the determination of the Issue Dates in respect of the issue of Common Shares pursuant to any Performance Award), provided that the Grantee remains in continuous employment or service with the Corporation or a Twin Butte Affiliate through the applicable Issue Date:

(A) as to one-third of the Common Shares awarded pursuant to such Performance Award, on the first anniversary of the grant date of the Performance Award;

(B) as to one-third of the Common Shares awarded pursuant to such Performance Award, on the second anniversary of the grant date of the Performance Award; and

(C) as to the remaining one-third of the Common Shares awarded pursuant to such Performance Award, on the third anniversary of the grant date of the Performance Award;

provided, however, that:

(I) where a Grantee is on a Leave of Absence, the Issue Date or Issue Dates for any Performance Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, the Issue Date for any Performance Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made to the Adjustment Ratio for Dividends that are paid during, that portion of the Leave of Absence that exceeds three (3) months, and further provided that if any such extension would cause the Issue Date or Issue Dates to extend beyond the Expiry Date, the Performance Awards to be issued on such Issue Date or Issue Dates shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee;

(II) where an Issue Date occurs on a date when a Grantee is subject to a Black-Out Period, such Issue Date shall be extended to a date which is within three business days following the end of such Black-Out Period;

(III) in the event of any Change of Control prior to the Issue Date determined in accordance with the above provisions of this Section 6(c)(ii), and regardless of whether or not a Grantee is on a Leave of Absence, the Issue Date for all Common Shares awarded pursuant to such Performance Award that have not yet been issued as of such time shall be the date which is immediately prior to the date upon which a Change of Control is completed; and

(IV) immediately prior to each Issue Date, the number of Common Shares to be issued on such Issue Date shall be adjusted by multiplying such number by (1) the Adjustment Ratio applicable in respect of such Performance Award, and (2) the Payout Multiplier applicable to such Performance Award at such time.

Notwithstanding any other provision of this Plan, but subject to the limits described in Sections 5 and 6(b) hereof and any other applicable requirements of the Exchange or other regulatory authority, the Committee hereby reserves the right to make any additional adjustments to the number of Common Shares to be issued pursuant to any Performance Award if, in the sole discretion of the Committee, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan.

(d) ***Determination of the Payout Multiplier*** - Annually prior to the Issue Date in respect of any Performance Award, the Committee shall assess the performance of the Corporation for the applicable period. The weighting of the individual measures comprising the Corporate Performance Measures shall be determined by the Committee in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of all Corporate Performance Measures, the Committee shall determine the Corporation's ranking. The applicable Payout Multiplier in respect of this ranking shall be as set forth in Schedule "A" hereto. For greater certainty, for those Performance Awards where the Issue Date is the second or third anniversary of the grant date, the Payout Multiplier will be the arithmetic average of the Payout Multiplier for each of the two or three preceding performance assessment periods, respectively.

(e) ***Payment in Respect of Share Awards*** - On the Issue Date, the Corporation shall have the option of settling any amount payable in respect of a Share Award by any of the following methods or by a combination of such methods:

(i) Common Shares issued from the treasury of the Corporation; or

(ii) with the consent of the Grantee, cash in an amount equal to the aggregate Fair Market Value of such Common Shares that would otherwise be delivered in consideration for the surrender by the Grantee to the Corporation of the right to receive such Common Shares under such Share Award.

Any amount payable to a Grantee in respect of a Share Award shall be paid to the Grantee as soon as practicable following the Issue Date and in any event within sixty (60) days of the Issue Date (provided that any amount payable with respect to an Issue Date that occurs after the Cessation Date, but before the Share Award has terminated in accordance with an applicable provision of Section 6(f), must occur not later than March 15 of the year following the year in which the Cessation Date occurs, if earlier) and the Corporation shall withhold from any such amount payable all amounts as may be required by law and in the manner contemplated by Section 7 hereof.

Where the determination of the number of Common Shares to be delivered to a Grantee pursuant to a Share Award in respect of a particular Issue Date would result in the issuance of a fractional Common Share, the number of Common Shares deliverable on the Issue Date shall be rounded down to the next whole number of Common Shares. No certificates representing fractional Common Shares shall be delivered pursuant to this Plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.

(f) ***Termination of Relationship as Service Provider*** - Unless otherwise determined by the Committee or unless otherwise provided in a Share Award Agreement pertaining to a particular Share Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:

(i) Death - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Issue Date for all Common Shares awarded to such Grantee under any outstanding Share Award Agreements shall be accelerated to the Cessation Date, provided that the President and Chief Executive Officer of the Corporation in the case of a Grantee who is not a director or officer and the Committee in all other cases, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Share Award(s), may determine in its sole discretion the Payout Multiplier to be applied to any Performance Awards held by the Grantee.

(ii) Termination for cause - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the Cessation Date all outstanding Share Award Agreements under which Share Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be immediately terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee.

(iii) Voluntary Resignation - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is fourteen (14) days after the Cessation Date, all outstanding Share Award Agreements under which Share Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee.

(iv) Other Termination - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (i), (ii) and (iii) above, effective as of the date that is thirty (30) days after the Cessation Date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Share Award Agreements under which Share Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive Common Shares thereunder shall be forfeited by the Grantee.

(v) Non-Management Directors - If a Grantee who is a Non-Management Director ceases to be a Service Provider as a result of: (A) a voluntary resignation or voluntarily not standing for re-election as a director of the Corporation, such events shall be treated as a voluntary resignation under (iii) above; or (B) failing to be re-elected as a director of the Corporation by the Shareholders, such event shall be treated as an other termination under (iv) above.

(g) ***Rights as a Shareholder*** - Until the Common Shares granted pursuant to any Share Award have been issued in accordance with the terms of the Plan, the Grantee to whom such Share Award has been made shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive Dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares.

Such Grantee shall only be considered a Shareholder in respect of such Common Shares when such issuance has been entered upon the records of the duly authorized transfer agent of the Corporation.

(h) ***Treatment of Non-Cash Dividends*** - In the case of a non-cash Dividend, including Common Shares or other securities or other property, the Committee will, in its sole discretion and subject to any required approval of the Exchange, determine whether or not such non-cash Dividend will be provided to the Share Award holder and, if so provided, the form in which it shall be provided.

(i) ***Effect of Certain Changes*** - In the event:

(i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise;

(ii) that any rights are granted to all Shareholders to purchase Common Shares at prices substantially below Fair Market Value; or

(iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities,

then, in any such case, the Board may, subject to any required approval of the Exchange, make such adjustments to the Plan, to any Share Awards and to any Share Award Agreements outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Grantees hereunder.

7. Withholding Taxes

When a Grantee or other person becomes entitled to receive Common Shares or a cash payment in respect of any Share Award Agreement, the Corporation shall have the right to require the Grantee or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

(a) the tendering by the Grantee of cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation; or

(b) the withholding by the Corporation or a Twin Butte Affiliate, as the case may be, from the Common Shares otherwise due to the Grantee such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Grantee). The Grantee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common

Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or

(c) the withholding by the Corporation or a Twin Butte Affiliate, as the case may be, from any cash payment otherwise due to the Grantee such amount of cash as is less than or equal to the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation.

8. Non-Transferability

Subject to Section 6(f)(i) hereof, the right to receive Common Shares pursuant to a Share Award granted to a Service Provider may only be exercised by such Service Provider personally. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of a Share Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Share Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Share Award shall terminate and be of no further force or effect.

9. Merger and Sale, etc.

If the Corporation enters into any transaction or series of transactions, other than a transaction that is a Change of Control and to which Sections 6(c)(i)(III) and 6(c)(ii)(III) hereof apply, whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets become the property of any other trust, body corporate, partnership or other person (a "**Successor**") whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, then prior to or contemporaneously with the consummation of such transaction:

(a) the Corporation and the Successor shall execute such instruments and do such things as are necessary to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Corporation under this Plan and the Share Award Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect (including the right to receive shares, trust units, securities or other property of the Successor in lieu of Common Shares on the Issue Date(s) applicable to such Share Awards), and subject to compliance with this Section 9, any such Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Plan and such Share Award Agreements with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such Share Award Agreements and the obligation of the Corporation to the Grantees in respect of the Share Awards shall terminate and be at an end and the Grantees shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Common Shares on the Issue Date(s) applicable to such Share Awards; or

(b) if the Share Awards (and the covenants and obligations of the Corporation under this Plan and the Share Award Agreements outstanding on consummation of such transaction) are not so assumed by the Successor, then the Issue Date for all Common Shares awarded pursuant to such Share Awards that have not yet been issued as of such time shall be the date which is immediately prior to the date upon which the transaction is consummated.

10. Amendment and Termination of Plan

This Plan and any Share Awards granted pursuant to the Plan may, subject to any required approval of the Exchange, be amended, modified or terminated by the Board without the approval of Shareholders.

Notwithstanding the foregoing, the Plan or any Share Award may not be amended without Shareholder approval to:

(a) increase the percentage of Common Shares reserved for issuance pursuant to Share Awards in excess of the limit prescribed in Section 5 hereof;

(b) extend the Issue Date of any Share Awards issued under the Plan beyond the latest Issue Date specified in the Share Award Agreement (other than as permitted by the terms and conditions of the Plan);

(c) permit a Grantee to transfer Share Awards to a new beneficial holder other than for estate settlement purposes;

(d) change the limitations on Share Awards contained in Section 6(b) hereof; and

(e) change this Section 10 to modify or delete any of (a) through (d) above.

In addition, no amendment to the Plan or any Share Awards granted pursuant to the Plan may be made without the consent of a Grantee if it adversely alters or impairs the rights of such Grantee in respect of any Share Award previously granted to such Grantee under the Plan.

11. Miscellaneous

(a) ***Effect of Headings*** - The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.

(b) ***Compliance with Legal Requirements*** - The Corporation shall not be obliged to issue any Common Shares if such issuance would violate any law or regulation or any rule of any government authority or stock exchange. The Corporation, in its sole discretion, may postpone the issuance or delivery of Common Shares under any Share Award as the Committee may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Common Shares in compliance with applicable laws, rules and regulations. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares awarded under the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of Share Awards hereunder in accordance with any such requirements.

(c) ***Foreign Participants*** - The Corporation may, without amending the Plan, modify the terms of Share Awards granted to Service Providers who provide services to the Corporation or any Twin Butte Affiliate from outside of Canada in order to comply with the applicable laws, including securities and taxation laws of such foreign jurisdictions (including, if applicable, to comply with Section 409A the United States Internal Revenue Code of 1986, as amended, and any applicable Treasury Regulations and other interpretive guidance promulgated thereunder as in effect from time to time). Any such modification to the Plan with respect to a particular Service Provider shall be reflected in the Share Award Agreement for such Service Provider.

(d) ***No Right to Continued Employment or Service*** - Nothing in the Plan or in any Share Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Corporation or any Twin Butte Affiliate, to be entitled to any remuneration or benefits not set forth in the Plan or a Share Award Agreement or to interfere with or limit in any way the right of the Corporation or any Twin Butte Affiliate to terminate a Grantee's employment or service arrangement with the Corporation or any Twin Butte Affiliate.

(e) ***Ceasing to be a Twin Butte Affiliate*** - Except as otherwise provided in this Plan, Share Awards granted under this Plan shall not be affected by any change in the relationship between or ownership of the Corporation and a Twin Butte Affiliate.

(f) ***Expenses*** – Except as provided in Section 7, all expenses in connection with the Plan shall be borne by the Corporation.

(g) ***Unfunded Plan*** - This Plan shall be unfunded. The Corporation shall not be required to segregate any assets that may at any time be represented by Common Shares, cash or rights thereto, nor shall this Plan be construed as providing for such segregation. Any liability or obligation of the Corporation to any Grantee with respect to a Share Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Share Award Agreement, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

(h) ***Grantee Information*** - Each Grantee shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Grantee acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to the Committee or its appointed administrator and other third parties in connection with the administration of the Plan. Each Grantee consents to such disclosure and authorizes the Corporation to make such disclosure on the Grantee's behalf.

(i) ***Gender*** - Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

12. Governing Law

The Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

13. Effective Date

This Plan was approved by the Board on December 9, 2011 and shall take effect on the date that the plan of arrangement between the Corporation, Emerge Oil & Gas Inc. and the shareholders of Emerge Oil & Gas Inc. is completed, subject to acceptance of the Plan by the shareholders of the Corporation, the Exchange and any other applicable regulatory authorities.

SCHEDULE "A"

TWIN BUTTE ENERGY LTD.

Share Award Incentive Plan

Calculation of Payout Multiplier

Aggregate Assessment of Corporate Performance Measures	
Ranking	**Payout Multiplier**
1st Quartile	2.0
2nd Quartile	1.5
3rd Quartile	1.0
4th Quartile	0.0