NOTICE OF ANNUAL AND SPECIAL MEETING OF TWIN BUTTE SECURITYHOLDERS TO BE HELD ON AUGUST 10, 2016

and

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

and

INFORMATION CIRCULAR AND PROXY STATEMENT

with respect to a

PROPOSED PLAN OF ARRANGEMENT

in respect of

TWIN BUTTE ENERGY LTD. AND THE SHAREHOLDERS AND DEBENTUREHOLDERS OF TWIN BUTTE ENERGY LTD. AND INVOLVING REIGNWOOD RESOURCES HOLDING PTE. LTD. AND REIGNWOOD RESOURCES TRADING UK LIMITED

The Board of Directors of Twin Butte Energy Ltd. UNANIMOUSLY recommends that Twin Butte Securityholders vote "FOR" the Arrangement.

July 11, 2016

These materials are important and require your immediate attention. They require shareholders and debentureholders of Twin Butte Energy Ltd. ("Twin Butte") to make important decisions. If you are in doubt as to how to make such decisions please contact your financial, legal, tax or other professional advisors. Twin Butte has retained The Laurel Hill Advisory Group to encourage the return of completed proxies and to solicit proxies in favour of the resolutions approving the Arrangement. If you have any questions please contact The Laurel Hill Advisory Group at 1-877-452-7184 (416-304-0211 collect) or by email at assistance@laurelhill.com.

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LETTER TO TWIN BUTTE SECURITYHOLDERS

July 11, 2016

Dear Twin Butte Securityholders:

You are invited to attend an annual and special meeting (the "**Meeting**") of the holders (the "**Twin Butte Shareholders**") of common shares (the "**Shares**") of Twin Butte Energy Ltd. ("**Twin Butte**") and holders (the "**Twin Butte Debentureholders**" and together with the Twin Butte Shareholders, the "**Twin Butte Securityholders**") of 6.25% convertible unsecured subordinated debentures of Twin Butte due December 31, 2018 (the "**Debentures**") to be held at 9:00 a.m. (Calgary time) on August 10, 2016 at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 - 8th Avenue S.W. Calgary, Alberta.

At the Meeting, Twin Butte Shareholders will be asked to consider, and if deemed advisable, to pass a special resolution and the Twin Butte Debentureholders will be asked to consider, and, if deemed advisable, to pass an extraordinary resolution (in each case, as applicable, the "**Arrangement Resolution**"), approving an arrangement (the "**Arrangement**") pursuant to Section 193 of the *Business Corporations Act* (Alberta) which provides for, among other matters, the acquisition by Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**"), indirectly through its wholly owned subsidiary, Reignwood Resources Trading UK Limited, of all of the outstanding Shares and all of the outstanding Debentures. At the Meeting, Twin Butte Shareholders will also be asked to consider matters related to the annual business of Twin Butte.

Pursuant to the Arrangement:

- Twin Butte Shareholders (other than dissenting Twin Butte Shareholders) will receive, for each Share held, $0.06 in cash; and

- the Twin Butte Debentureholders will receive, for each $1,000 principal amount of Debentures, a cash amount equal to $140 plus accrued and unpaid interest on such principal amount to but excluding the effective date of the Arrangement.

While commodity and equity markets have continued to deteriorate, Twin Butte has remained focused on improving its balance sheet despite the challenging market conditions. After an extensive review of Twin Butte's strategic and financial options to improve its capital structure, the board of directors of Twin Butte (the "**Twin Butte Board**") and management team have determined to pursue the Arrangement as the best alternative for all Twin Butte stakeholders.

Provided Twin Butte Securityholders approve the Arrangement, it is anticipated that the Arrangement will be completed in mid-August 2016, subject to obtaining court approval and the required governmental and regulatory approvals and satisfying other usual and customary conditions contained in the arrangement agreement between Twin Butte and the Purchaser.

Full details of the Arrangement are set out in the accompanying Notice of Annual and Special Meeting of Securityholders and information circular and proxy statement of Twin Butte (the "**Information Circular**"). The Information Circular contains a detailed description of, among other things, the Arrangement, including certain risk factors relating to the completion of the Arrangement. You should consider carefully all of the information in the Information Circular. If you require assistance, consult your financial, legal, tax or other professional advisor.

The full text of the Arrangement Resolution is set forth in Appendix A to the Information Circular and must be approved by: (i) not less than 66 2/3% of the votes cast by Twin Butte Shareholders present in person or represented by proxy at the Meeting; (ii) by a simple majority of the votes cast by Twin Butte Shareholders present in person or represented by proxy at the Meeting after excluding votes cast by certain persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Securityholders In Special Transactions;* and (iii) not less than 66 2/3% of the principal amount of the Debentures held by the Twin Butte Debentureholders present in person or represented by proxy at the Meeting and voted upon the Arrangement Resolution. The Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities.

Peters & Co. Limited ("**Peters**") and National Bank Financial Inc. are acting as financial advisors to Twin Butte in connection with the Arrangement. Peters has provided the Twin Butte Board with an opinion that, as of the date of such opinion the consideration to be received by Twin Butte Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Twin Butte Shareholders. The written fairness opinion of Peters is attached as Appendix D to the Information Circular.

Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and based upon the recommendation of the special committee of the Twin Butte Board and other relevant factors considered by the Twin Butte Board, the Twin Butte Board has unanimously determined that the Arrangement is in the best interests of Twin Butte, the Twin Butte Shareholders and the Twin Butte Debentureholders and that the consideration to be received by the Twin Butte Shareholders and the Twin Butte Debentureholders pursuant to the Arrangement is fair to the Twin Butte Shareholders and the Twin Butte Debentureholders, respectively. The Board unanimously recommends that Twin Butte Securityholders vote in favour of the Arrangement Resolution.

All of the directors and executive officers of Twin Butte have entered into voting support agreements pursuant to which they have agreed to vote approximately 3.9% of the issued and outstanding Shares (on a non-diluted basis) and approximately 0.08% of the outstanding Debentures in favour of the Arrangement Resolution.

It is important that your Shares and Debentures be represented at the Meeting. Whether or not you are able to attend the Meeting, we urge you to complete, sign and mail the applicable enclosed form(s) of proxy to, or deposit it with, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, or to submit your proxy by telephone or on the Internet, in each case in accordance with the enclosed instructions. In order to be effective, proxies must be received no later than 9:00 a.m. (Calgary time) on August 8, 2016 or if the Meeting is adjourned or postponed, no later than 9:00 a.m. (Calgary time) on the day which is at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof. Registered Shareholders and Debentureholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by fax at 1-866-249-7775 (toll free in North America) or 416-263-9524 (international).

Non-registered or beneficial Twin Butte Shareholders and non-registered or beneficial Twin Butte Debentureholders who do not hold Shares or Debentures in their own name but rather through a broker, investment dealer, financial institution, trustee, custodian, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Shares or Debentures voted at the Meeting on their behalf.

In the event of any general interruption of postal service due to strike, lockout or other cause, Twin Butte Securityholders are encouraged to submit their votes by fax, telephone or internet-based voting procedures.

Beneficial Twin Butte Securityholders will receive the applicable consideration for their Shares or Debentures through their nominee. Registered Shareholders and registered Twin Butte Debentureholders are required to complete each applicable letter of transmittal (each, a "**Letter of Transmittal**") in accordance with the instructions included therein, sign and return it to Computershare Trust Company of Canada, in the envelope provided, together with the certificates representing the Shares or Debentures, as applicable, and any other required documents in order

to receive the applicable consideration. The Letter of Transmittal contains complete instructions on how to exchange the certificate(s) representing your Shares or Debentures for the cash consideration for your Shares or Debentures, as applicable, under the Arrangement. You will not receive your cash consideration under the Arrangement until after the Arrangement is completed and you have returned your properly completed documents, including each applicable Letter of Transmittal, the certificate(s) representing your Shares or Debentures, as applicable, and any other required documentation to Computershare Trust Company of Canada.

If you have any questions, please contact our proxy solicitation agent, The Laurel Hill Advisory Group at 1-877-452-7184 (416-304-0211 collect) or by email at assistance@laurelhill.com.

On behalf of the Twin Butte Board, I would like to thank all Twin Butte Securityholders for their ongoing support as we work towards completion of this important transaction. We would also like to thank our employees who have worked very hard in assisting us throughout this process.

Yours very truly,

(Signed) "*James Saunders*"
Executive Chairman
Twin Butte Energy Ltd.

TWIN BUTTE ENERGY LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF TWIN BUTTE SECURITYHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated June 30, 2016, an annual and special meeting (the "**Meeting**") of holders (the "**Twin Butte Shareholders**") of common shares (the "**Shares**") of Twin Butte Energy Ltd. ("**Twin Butte**") and holders (the "**Twin Butte Debentureholders**" and together with the Twin Butte Shareholders, the "**Twin Butte Securityholders**") of 6.25% convertible unsecured subordinated debentures of Twin Butte due December 31, 2018 (the "**Debentures**") shall be held at 9:00 a.m. (Calgary time) on August 10, 2016 at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 - 8th Avenue S.W. Calgary, Alberta.

The Meeting shall be held for the following purposes:

1. for Twin Butte Shareholders to receive the annual audited comparative financial statements of Twin Butte for the year ended December 31, 2015, together with the report of the auditors thereon;

2. for Twin Butte Shareholders to fix the number of directors to be elected at the Meeting at seven;

3. for Twin Butte Shareholders to elect directors to hold office until the next annual meeting of Twin Butte Shareholders;

5. for Twin Butte Shareholders to appoint auditors to hold office until the next annual meeting of Twin Butte Shareholders and to authorize the board of directors of Twin Butte to fix their remuneration as such;

6. for Twin Butte Shareholders to consider and, if deemed advisable, to pass, with or without variation, a special resolution and for Twin Butte Debentureholders to consider, and if deemed advisable, to pass, with or without variation, an extraordinary resolution (in each case, the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to the accompanying information circular and proxy statement of Twin Butte (the "**Information Circular**"), to approve an arrangement (the "**Arrangement**" or "**Plan of Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") in respect of Twin Butte and the Twin Butte Securityholders and involving Reignwood Resources Holding Pte. Ltd. and Reignwood Resources Trading UK Limited, all as more particularly described in the Information Circular; and

7. to transact such other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.

The Arrangement is described in the Information Circular, which forms part of this Notice of Annual and Special Meeting. The full text of the Arrangement Resolution is set out in Appendix A to the Information Circular.

The board of directors of Twin Butte has set the close of business on July 11, 2016 (the "**Record Date**") as the record date for determining Twin Butte Securityholders who are entitled to receive notice of the Meeting. Twin Butte Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Shares included in the list of Twin Butte Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Twin Butte Shareholder transfers Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established that he, she or it owns such Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Twin Butte Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting. In the case of Twin Butte Debentureholders, only Twin Butte Debentureholders whose names have been entered in the register of holders of Debentures on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

The Arrangement Resolution must be approved by: (i) not less than 66 2/3% of the votes cast by the Twin Butte Shareholders present in person or represented by proxy at the Meeting; (ii) by a simple majority of the votes cast by

Twin Butte Shareholders present in person or represented by proxy at the Meeting after excluding votes cast by certain persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Securityholders In Special Transactions;* and (iii) not less than 66 2/3% of the principal amount of the Debentures held by the Twin Butte Debentureholders present in person or represented by proxy at the Meeting and voted upon the Arrangement Resolution. The Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities.

It is important that your Shares and Debentures be represented at the Meeting. Whether or not you are able to attend the Meeting, we urge you to complete, sign and mail the applicable enclosed form(s) of proxy to, or deposit it with, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, or to submit your proxy by telephone or on the Internet, in each case in accordance with the enclosed instructions. In order to be effective, proxies must be received no later than 9:00 a.m. (Calgary time) on August 8, 2016 or if the Meeting is adjourned or postponed, no later than 9:00 a.m. (Calgary time) on the day which is at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof. Registered Shareholders and Debentureholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by fax at 1-866-249-7775 (toll free in North America) or 416-263-9524 (international).

Non-registered or beneficial Twin Butte Shareholders and non-registered or beneficial Twin Butte Debentureholders who do not hold Shares and/or Debentures in their own name but rather through a broker, investment dealer, financial institution, trustee, custodian, nominee or other intermediary must complete and return the voting instruction form provided to them or follow the telephone or internet-based voting procedures described therein in advance of the deadline set forth in the voting instruction form in order to have such Shares and/or Debentures voted at the Meeting on their behalf.

In the event of any general interruption of postal service due to strike, lockout or other cause, Twin Butte Securityholders are encouraged to submit their votes by fax, telephone or internet-based voting procedures.

A proxyholder has discretion under the accompanying form of proxy in respect of amendments or variations to matters identified in this Notice of Annual and Special Meeting and with respect to other matters which may properly come before the Meeting, or any postponement or adjournment thereof. As of the date hereof, management of Twin Butte knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Annual and Special Meeting. Twin Butte Securityholders who are planning on returning the form of proxy are encouraged to review the Information Circular carefully before submitting the applicable proxy form.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote in favour of the Arrangement Resolution.

Pursuant to the Interim Order, registered Twin Butte Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. A registered Twin Butte Shareholder wishing to exercise the right of dissent with respect to the Arrangement Resolution must send to Twin Butte a written objection to the Arrangement Resolution, which written objection must be received by Twin Butte c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1, Attention: Frederick Davidson by no later than 4:00 p.m. (Calgary time) on August 5, 2016 or by 4:00 p.m. (Calgary time) on the third business day immediately preceding the date of the Meeting, and must otherwise strictly comply with Section 191 of the ABCA, as modified by the Interim Order and the Arrangement. A registered Twin Butte Shareholder's right to dissent is more particularly described in the Information Circular, and a copy of the Interim Order and the text of Section 191 of the ABCA are set forth in Appendix B and Appendix E, respectively, to the Information Circular.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, may result in the loss of any right of dissent. Persons who are beneficial owners of Shares registered in the name of a broker, investment dealer, financial institution, trustee, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of Shares are entitled to dissent. Accordingly, a beneficial owner of Shares desiring to exercise this right must make arrangements for the Shares beneficially owned by such Twin Butte Shareholder to be registered in the Twin Butte Shareholder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Twin Butte. It is strongly suggested that any Twin Butte Shareholder wishing to dissent seek independent legal advice, as the failure to comply strictly with the provisions of the ABCA, as modified by the Interim Order and the Plan of Arrangement, may prejudice such Twin Butte Shareholder's right to dissent.

DATED at Calgary, Alberta, this 11th day of July, 2016.

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

(Signed) "*James Saunders*"
Executive Chairman

IN THE COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE 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 IN RESPECT OF TWIN BUTTE ENERGY LTD. AND THE SHAREHOLDERS AND DEBENTUREHOLDERS OF TWIN BUTTE ENERGY LTD. AND INVOLVING REIGNWOOD RESOURCES HOLDING PTE. LTD. AND REIGNWOOD RESOURCES TRADING UK LIMITED

NOTICE OF ORIGINATING APPLICATION

NOTICE IS HEREBY GIVEN that an originating application (the "**Application**") has been filed with the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the "**Court**") on behalf of Twin Butte Energy Ltd. ("**Twin Butte**") with respect to a proposed arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**"), in respect of Twin Butte, the holders (the "**Twin Butte Shareholders**") of common shares (the "**Shares**") of Twin Butte and the holders (the "**Twin Butte Debentureholders**" and together with the Twin Butte Shareholders, the "**Twin Butte Securityholders**") of 6.25% convertible unsecured subordinated debentures of Twin Butte due December 31, 2018 (the "**Debentures**") and involving Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and Reignwood Resources Trading UK Limited, which Arrangement is described in greater detail in the information circular and proxy statement of Twin Butte dated July 11, 2016, accompanying this Notice of Originating Application.

At the hearing of the Application, Twin Butte intends to seek:

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

(b) a declaration that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to the persons affected by the Arrangement, from a substantive and procedural point of view;

(c) an order declaring that the registered Twin Butte Shareholders shall have the right to dissent in respect of the Arrangement pursuant to the provisions of Section 191 of the ABCA, as modified by the interim order (the "**Interim Order**") of the Court dated June 30, 2016 and the Arrangement;

(d) a declaration that the Arrangement will, upon the filing of the Articles of Arrangement pursuant to the provisions of 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 and will be binding on and after the Effective Time (as defined in the plan of arrangement attached as Schedule "B" to the arrangement agreement dated June 23, 2016 between Twin Butte and the Purchaser, as amended by an amending agreement dated July 11, 2016); and

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

AND NOTICE IS FURTHER GIVEN that the Application was directed to be heard before a Justice of the Court of Queen's Bench of Alberta, Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta, T2P 5P7, on the 11th day of August, 2016 at 10:00 a.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any Twin Butte Securityholder or other interested party desiring to appear and make submissions at the Application is required to file with the Court and serve upon Twin Butte, on or before 4:00 p.m. (Calgary time) on August 3, 2016 (or the business day that is five business days prior to the date of the Meeting if it is not held on August 10, 2016), a notice of intention to appear including the interested party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such interested party intends to support or oppose the Application or make submissions at the**

Application, together with a summary of the position such interested party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on Twin Butte is to be effected by delivery to its solicitors at the address set forth below.

AND NOTICE IS FURTHER GIVEN that, at the hearing, Twin Butte Securityholders and other interested parties will be entitled to make representations as to, and the Court will be requested to consider, the fairness 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 Twin Butte and that in the event the hearing of the Application is adjourned, only those persons who have appeared before the Court for the application at the hearing, or who have filed a notice of intention to appear as described above, shall be served with notice of the adjourned date.

AND NOTICE IS FURTHER GIVEN that the Court, by the Interim Order, has given directions as to the calling and holding of the meeting of Twin Butte Securityholders for the purpose of, among other things, such holders voting upon the resolution to approve the Arrangement and has directed that registered Twin Butte Shareholders shall have the right to dissent with respect to the Arrangement in accordance with the provisions of Section 191 of the ABCA, as modified by 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 Twin Butte Securityholder or other interested party requesting the same by the undermentioned solicitors for Twin Butte upon written request delivered to such solicitors as follows:

Burnet, Duckworth & Palmer LLP
Suite 2400, 525 – 8th Avenue S.W.
Calgary, Alberta T2P 1G1
Attention: Frederick Davidson

DATED at the City of Calgary, in the Province of Alberta, this 11th day of July, 2016.

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

(Signed) "*James Saunders*"
Executive Chairman

VOTING INFORMATION

Capitalized terms used but not specifically defined in this "Voting Information" section shall have the meanings ascribed thereto in the "*Glossary of Terms*" section of the Information Circular in which this "Voting Information" section is included.

If you are a holder of Twin Butte Shares and/or Twin Butte Debentures and have any questions or require more information with regard to voting your Twin Butte Shares and/or Twin Butte Debentures please contact our proxy solicitation agent, Laurel Hill at 1-877-452-7184 toll free in North America (416-304-0211 collect outside North America), or by e-mail at assistance@laurelhill.com.

Who is soliciting my proxy?

The management of Twin Butte is soliciting your proxy for use at the Meeting.

What will I be voting on?

You will be voting on the Arrangement Resolution to approve the Arrangement, as more particularly described in the Information Circular in which this "Voting Information" section is included.

In addition, Twin Butte Shareholders will be voting the Other Meeting Business, including the election of directors and the appointment of the auditors of Twin Butte.

Which classes of securities are voting?

The Twin Butte Securityholders (being the Twin Butte Shareholders and the Twin Butte Debentureholders) will be voting at the Meeting with respect to the Arrangement Resolution. The Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities.

How many votes do I have?

Subject to the voting restrictions noted below, Twin Butte Shareholders will have one vote for every Share owned at the close of business on July 11, 2016, which is the Record Date. The Twin Butte Debentureholders will each receive one vote for each $1,000 principal amount of Debentures held at the close of business on the Record Date.

How many Securities are eligible to vote?

The number of Shares outstanding on the Record Date was 354,847,889 Shares. On the Record Date, $85 million principal amount of Debentures were outstanding.

How do I vote?

If you are eligible to vote and your Securities are registered in your name, you can vote your Securities in person at the Meeting or be represented by proxy, as explained below.

If your Securities are held in the name of a nominee such as a broker or financial institution, please see the instructions below under the headings "*How can a non-registered Twin Butte Securityholder vote?*" and "*How can a non-registered Twin Butte Securityholder vote in person at the Meeting?*"

It is important that your Shares and Debentures be represented at the Meeting. Whether or not you are able to attend the Meeting, we urge you to complete, sign and mail the applicable enclosed form(s) of proxy to, or deposit it with, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, or to submit your proxy by telephone or on the Internet, in each case in accordance with the enclosed instructions. In order to be effective, proxies must be received no later than 9:00 a.m. (Calgary time) on August 8, 2016 or if the Meeting is adjourned or postponed, no later than 9:00 a.m. (Calgary time) on the

day which is at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof. Registered Shareholders and Debentureholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by fax at 1-866-249-7775 (toll free in North America) or 416-263-9524 (international).

In the event of any general interruption of postal service due to strike, lockout or other cause, Twin Butte Securityholders are encouraged to submit their votes by fax, telephone or internet-based voting procedures.

Voting by proxy

Whether or not you attend the Meeting, you can appoint someone else to vote for you as your proxyholder. You can use the enclosed applicable form of proxy or any other proper form of proxy to appoint your proxyholder. The persons named in the enclosed forms of proxy are directors and/or officers of Twin Butte. However, you can choose another person to be your proxyholder, including someone who is not a Twin Butte Securityholder. You may do so by crossing out the names printed on the applicable form of proxy and inserting another person's name in the blank space provided.

How will my proxy be voted?

On the applicable form of proxy, you can indicate how you want your proxyholder to vote your Securities, or you can let your proxyholder decide for you.

If you have specified on the applicable form of proxy how you want your Securities to be voted in respect of the Arrangement Resolution (by marking FOR or AGAINST) or any other matter to be considered at the Meeting, then your proxyholder must vote your Securities accordingly.

If you have not specified on the applicable form of proxy how you want your Securities to be voted, then your proxyholder can vote your Securities as he or she sees fit.

Unless contrary instructions are provided, Securities represented by proxies received by management will be voted FOR the Arrangement Resolution to approve the Arrangement and FOR all Other Meeting Business to be considered at the Meeting.

What if there are amendments or if other matters are brought before the Meeting?

The enclosed forms of proxy give the persons named on them authority to use their discretion in voting on other business, including amendments or variations to the matters identified in the Notice of Annual and Special Meeting of Twin Butte Securityholders, as may properly be brought before the Meeting.

As of the time of printing the Information Circular, management of Twin Butte is not aware that any other matter is to be brought before the Meeting. If, however, other matters properly come before the Meeting, the persons named in the enclosed forms of proxy will vote on them in accordance with their judgment, pursuant to the discretionary authority conferred by the applicable form of proxy with respect to such matters.

What if I change my mind and want to revoke my proxy?

You can revoke your proxy at any time before it is acted upon.

You can do this by stating clearly, in writing, that you want to revoke your proxy and by delivering this written statement to the registered office of Twin Butte at any time up to and including the last Business Day before the day of the Meeting at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting.

Who counts the votes?

Proxies are counted by our transfer agent, Computershare Trust Company of Canada, the registrar and transfer agent for both the Shares and the Debentures.

How are proxies solicited?

Management of Twin Butte requests that you sign and return the enclosed applicable form of proxy to ensure your votes are exercised at the Meeting. The solicitation of proxies will be primarily by mail. However, the directors, officers and employees of Twin Butte may also solicit proxies by telephone, in writing or in person.

Twin Butte has retained Laurel Hill Advisory Group ("**Laurel Hill**") as its proxy solicitation agent to support communication with Twin Butte Securityholders. Should you have any questions or require assistance with voting your Twin Butte Shares and/or Twin Butte Debentures, please contact Laurel Hill at 1-877-452-7184 toll free in North America (416-304-0211 collect outside North America), or by e-mail at assistance@laurelhill.com. In connection with these services, Laurel Hill is expected to receive a fee of $60,000 and will be reimbursed for its reasonable out-of-pocket expenses.

How can a non-registered Twin Butte Securityholder vote?

If your Securities are not registered in your own name, they will be held in the name of a "nominee", which is usually a trust company, securities broker or other financial institution (collectively, an "**Intermediary**"). Your Intermediary is required to seek your instructions as to how to vote your Securities. For that reason, you have received this Information Circular from your nominee together with a voting instruction form. Each nominee has its own signing and return instructions, which you should follow carefully to ensure your Securities will be voted. If you are a non-registered Twin Butte Securityholder who has voted and you want to change your mind and vote in person, contact your nominee to discuss whether this is possible and what procedure to follow.

In accordance with applicable securities laws, Twin Butte has distributed copies of the meeting materials with respect to the Meeting to Intermediaries for distribution to Non-Registered Twin Butte Securityholders. Intermediaries are required to forward the Twin Butte Meeting materials to Non-Registered Twin Butte Securityholders unless a Non-Registered Twin Butte Securityholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting materials to non-registered Twin Butte Securityholders. Generally, non-registered Twin Butte Securityholders who have not waived the right to receive meeting materials with respect to the Meeting will either be given:

- a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of Shares and/or Debentures beneficially owned by the Non non-registered Twin Butte Securityholders but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the non-registered Twin Butte Securityholder when submitting the proxy. In this case, the non-registered Twin Butte Securityholder who wishes to submit a proxy should otherwise properly complete the form of proxy and deliver it to Computershare Trust Company of Canada as provided above; or

- more typically, a voting instruction form (a "**VIF**"), which the non-registered Twin Butte Securityholder must complete and sign in accordance with the directions on the VIF. The majority of Intermediaries now delegate the responsibility for obtaining voting instructions to a third-party called Broadridge Financial Solutions, Inc. ("**Broadridge**"). The VIF from Broadridge allows voting by mail, telephone and Internet and Additionally, Twin Butte may utilize Broadridge's QuickVote™ service to assist non-registered Twin Butte Securityholders with voting their Shares and/or Debentures. Certain non-registered Twin Butte Securityholders who have not objected to Twin Butte knowing who they are (non-objecting beneficial owners) may be contacted by Laurel Hill to conveniently obtain a vote directly over the phone.

How can a non-registered Twin Butte Securityholder vote in person at the Meeting?

Since Twin Butte may not have access to the names of its non-registered Twin Butte Securityholders, if you attend the Meeting, Twin Butte will have no record of your holdings or of your entitlement to vote, unless your nominee has appointed you as the proxyholder. Therefore, if you are a non-registered Twin Butte Securityholder and wish to vote in person at the Meeting, please insert your own name in the space provided on the Voting Instruction Form sent to you by your nominee. By doing so, you are instructing your nominee to appoint you as proxyholder. Then follow the signing and return instructions provided by your nominee. Do not otherwise complete the form, as you will be voting at the Meeting.

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Information Circular the following terms shall have the meanings set forth below. Terms and abbreviations used in the Appendices to this Information Circular are defined separately therein.

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquiror**" means Reignwood Resources Trading UK Limited, a private limited company existing under the laws of England and Wales;

"**Acquisition Proposal**" means any inquiry or the making of any proposal or offer by any Person, or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*), other than the Purchaser or any Person acting jointly or in concert with the Purchaser and excluding the Transaction, whether or not such proposal or offer is subject to due diligence or other conditions and whether such proposal or offer is made orally 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):

(a) any direct or indirect sale, issuance or acquisition of securities of the Company that, when taken together with any securities of the Company held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, and assuming the conversion of any convertible securities held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership of 20% or more of the outstanding voting securities of the Company or rights or interests therein;

(b) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), in a single transaction or a series of related transactions, of any assets representing 20% or more of the assets of the Company;

(c) a plan of arrangement, amalgamation, merger, business combination, consolidation, share exchange, recapitalization, liquidation, dissolution, reorganization or similar transaction involving the Company;

(d) any direct or indirect take-over bid, issuer bid or exchange offer involving the Company; or

(e) any other transaction or series of transactions, the consummation of which would reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the consummation of the Arrangement, or which would or could reasonably be expected to materially reduce the benefits to the Purchaser of the Arrangement;

except that for the purpose of the definition of "**Superior Proposal**", the references in this definition of "**Acquisition Proposal**" to "20% or more of the outstanding voting securities" shall be deemed to be references to "50% or more of the outstanding voting securities", and the references to "20% or more of the assets" shall be deemed to be references to "all or substantially all of the assets";

"**affiliate**" and "**associate**" have the respective meanings ascribed to them in the Securities Act;

"**Agent**" means National Bank of Canada, in its capacity as administrative agent for the Lenders under the Credit Agreement;

"**Agreement Date**" means June 23, 2016;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder and the rules and policies of the TSX, in each case as such may be amended from time to time prior to the Effective Date;

"**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws as are binding upon or applicable to such Person or Persons or his/her/its/their business, assets undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or his/hers/its/their business, assets, undertaking, property or securities;

"**Arrangement**" means the arrangement involving the Purchaser, the Acquiror, the Company, the Twin Butte Securityholders and other parties under Section 193 of the ABCA on the terms and subject to the conditions set out in the Arrangement Agreement and the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.1 of the Arrangement Agreement and Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated June 23, 2016 between Twin Butte and the Purchaser, as amended by an amending agreement dated July 11, 2016, with respect to the Arrangement;

"**Arrangement Resolution**" means, as applicable, the special resolution in respect of the Arrangement to be considered and voted upon by the Twin Butte Shareholders at the Meeting and the extraordinary resolution in respect of the Arrangement to be considered and voted upon by the Twin Butte Debentureholders at the Meeting, the form of which is attached as Appendix A to this Information Circular;

"**Articles of Arrangement**" means the articles of arrangement of the Company 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, which shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**Beneficial Twin Butte Securityholder**" means Twin Butte Securityholders who hold their Securities through an Intermediary or who otherwise do not hold their Securities in their own name;

"**Break Fee**" has the meaning ascribed thereto under the heading "*The Arrangement - The Arrangement Agreement – Break Fee and Reverse Break Fee*";

"**Break Fee Event**" has the meaning ascribed thereto under the heading "*The Arrangement - The Arrangement Agreement – Break Fee and Reverse Break Fee*";

"**Business Day**" means any day, other than a Saturday, a Sunday or a day generally observed as a holiday under Applicable Laws, on which the principal commercial banks in Calgary, Alberta Canada, Singapore and London, United Kingdom are generally open for the transaction of commercial banking business during normal banking hours;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Closing Date**" means the date on which the Articles of Arrangement will be filed with the Registrar, which date will be not later than the fifth Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Closing Date) set forth in Article 5 of the Arrangement Agreement, or such other date as may be agreed to in writing by the Purchaser and Twin Butte;

"**Commissioner**" means the Commissioner of Competition appointed under the Competition Act or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition and includes the Commissioner's representatives, where the context requires;

"**Company Disclosure Letter**" means the letter dated as of the Agreement Date regarding the Arrangement Agreement and providing disclosure of certain information regarding the Company contemplated therein and provided by the Company to the Purchaser prior to the execution and delivery of the Arrangement Agreement;

"**Company Executives**" means, collectively, Robert Wollmann, R. Alan Steele, David W. Middleton, Claude Gamache and Gordon Howe;

"**Company Representatives**" shall have the meaning ascribed to under "*The Arrangement Agreement – Covenants of Twin Butte Regarding Non-Solicitation*";

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

"**Competition Act Approval**" means the occurrence of one or more of the following:

(a) an advance ruling certificate (an "ARC") issued by the Commissioner pursuant to Section 102 of the Competition Act shall have been in respect of the Arrangement on terms satisfactory to the Parties acting reasonably;

(b) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to Subsection 113(c) of the Competition Act ("Waiver") in respect of the Arrangement and confirmed in writing that the Commissioner does not, at that time, intend to file an application under Section 92 of the Competition Act (a "No-Action Letter") in connection with the Arrangement, on terms satisfactory to the Parties acting reasonably, and such Waiver and No-Action Letter remain in full force and effect; or

(c) the Parties shall have notified the Commissioner of the Arrangement under Section 114 of the Competition Act and the waiting period under Section 123 of the Competition Act shall have expired or been terminated and the Commissioner shall have issued a No-Action Letter in connection with the Arrangement, on terms satisfactory to the Parties acting reasonably, and such No-Action Letter remains in full force and effect;

"**Confidentiality Agreement**" means the confidentiality agreement dated February 20, 2016 between the Company and the Purchaser;

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

"**Credit Agreement**" means the amended and restated credit agreement dated January 15, 2016 among the Company, as borrower, the Agent, as administrative agent, and the Lenders, as lenders, as amended by the limited waiver and agreement dated April 11, 2016, the waiver and first amending agreement dated as of April 30, 2016, the second amending agreement dated as of May 26, 2016, the third amending agreement dated as of May 31, 2016, the fourth amending agreement dated as of June 1, 2016, the fifth amending agreement dated as of June 2, 2016, the sixth amending agreement dated as of June 8, 2016 with effect from and as of June 7, 2016, the seventh amending agreement dated as of June 9, 2016, the eighth amending agreement dated as of June 21, 2016, the ninth amending agreement dated as of June 22, 2016 and the Forbearance Agreement;

"**Credit Agreement Defaults**" means, collectively, the NRF Payment Default and the Pending Debenture Interest Default;

"**Debenture Consideration**" means, for each $1,000 principal amount of Debentures, $140, plus accrued and unpaid interest payable thereon up to but excluding the Effective Date including, for greater certainty, the Deferred Debenture Interest;

"**Debenture Indenture**" means the convertible debenture indenture dated as of December 13, 2013 between the Company and Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company) in its capacity as trustee under the Debenture Indenture providing for the issue of the Debentures;

"**Debenture Trustee**" means Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company), in its capacity as trustee under the Debenture Indenture;

"**Debentureholder Letter of Transmittal**" means the Letter of Transmittal forwarded to Twin Butte Debentureholders pursuant to which Twin Butte Debentureholders are required to deliver certificates representing Debentures to the Depositary to receive, upon completion of the Arrangement, in exchange for each Debenture, the Debenture Consideration;

"**Debentures**" means the 6.25% convertible unsecured subordinated debentures of Twin Butte due December 31, 2018;

"**Deferred Debenture Interest**" means the interest payable on the Debentures which is payable on June 30, 2016;

"**Depositary**" means Computershare Investor Services Inc., or such other Person that may be appointed by the Parties in connection with the Arrangement for the purpose of receiving deposits of certificates formerly representing the Shares and the Debentures and the payment of the Share Consideration and the Debenture Consideration and the amounts required under the Lender Payout Letter (as the case may be);

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"**Dissenting Shareholder**" means a registered Twin Butte Shareholder who has duly and validly exercised its Dissent Rights in respect of its Shares and has not withdrawn or been deemed to have withdrawn such exercise of its Dissent Rights;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means 12:01 a.m. (Calgary time), or such other time as may be agreed by the Purchaser and the Company, on the Effective Date;

"**Employment Agreements**" means contracts, other than benefit and other like plans, whether oral or written, relating to an employee of the Company, including any communication or practice relating to an employee of the Company, which imposes any obligation on the Company;

"**Fairness Opinion**" means the fairness opinion provided by Peters to the Twin Butte Board in respect of the Arrangement, the written version of which is dated June 23, 2016 and attached as Appendix D to this Information Circular;

"**Final Order**" means the final order of the Court approving the Arrangement to be granted pursuant to Subsection 193(9) of the ABCA, as such order may be amended by the Court subject to Section 6.1(c) of the Arrangement Agreement;

"**Forbearance Agreement**" means the forbearance and tenth amending agreement dated June 23, 2016 among the Company, as borrower, the Agent, as administrative agent, and the Lenders, as lenders;

"**GAAP**" means accounting principles generally accepted in Canada applicable to public companies at the relevant time and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Boards;

"**Governmental Authority**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau, agency or instrumentality, domestic or foreign, (b) subdivision, agent, commission, board or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Incentive Awards**" means, collectively, the Restricted Awards and the Performance Awards;

"**Incentive Plan**" means the share award incentive plan of the Company providing for the grant of Restricted Awards and Performance Awards to directors, officers and employees of the Company as approved by the Twin Butte Board as of January 9, 2012;

"**Information Circular**" means this information circular and proxy statement of Twin Butte, together with all appendices hereto to be mailed or otherwise distributed by Twin Butte to the Twin Butte Securityholders;

"**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court subject to Section 6.1(a) of the Arrangement Agreement;

"**Intermediary**" means, collectively, a broker, investment dealer, financial institution, trustee, custodian, nominee or other intermediary;

"**Investment Canada Act**" means the *Investment Canada Act* (Canada), R.S.C. 1985, c. 28 (1st Supp.), as amended;

"**Investment Canada Act Approval**" means either:

(a) more than 45 days have elapsed from the time of the certified date referred to in subsection 13(1) of the Investment Canada Act in respect of the Arrangement and the Minister has not sent to the Purchaser a notice under Subsection 25.2(1) or Subsection 25.2(4)(b) of the Investment Canada Act within the period prescribed pursuant thereto;

(b) the Minister has not sent to the Purchaser a notice under Subsection 25.3(2) of the Investment Canada Act; or

(c) if a notice has been sent under Sections 25.2 or 25.3 of the Investment Canada Act, then either:

(A) the Minister having sent to the Purchaser a notice under Subsection 25.2(4)(a) or 25.3(6)(b) of the Investment Canada Act; or

(B) the Governor in Council having issued an order pursuant to Subsection 25.4(1)(b) of the Investment Canada Act authorizing the Arrangement that is satisfactory to the Purchaser in its reasonable discretion;

"**Laurel Hill**" means The Laurel Hill Advisory Group;

"**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, codes, guidelines, or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, issued or applied by any Governmental Authority or self-regulatory authority;

"**Lenders Outside Date**" means the date which is the earliest of:

(a) August 15, 2016, subject to the right of the Company to postpone the Lenders Outside Date for up to an additional 90 days (in 30-day increments) so long as any Regulatory Approval has not been obtained and has not been denied by a final and non-appealable decision of the applicable Governmental Authority, by giving written notice to the Agent to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Lenders Outside Date (and any subsequent Lenders Outside Date), or such later date as may be agreed to in writing by the Agent, all of the Lenders and the Company; provided that notwithstanding the foregoing, the Company shall not be permitted to postpone the Lenders Outside Date if the failure to obtain the Competition Act Approval or the Investment Canada Act Approval is materially the result of the Purchaser failing to cooperate in accordance with the provisions of the Arrangement Agreement in obtaining the Competition Act Approval or the Investment Canada Act Approval, as the case may be;

(b) the date on which any Regulatory Approval necessary for the completion of the transactions contemplated by the Arrangement Agreement and the Plan of Arrangement is denied by a final and non-appealable decision of the applicable Governmental Authority;

(c) August 12, 2016, if the Meeting has not occurred on or prior to such date;

(d) the date of the Meeting, if at such meeting the Twin Butte Shareholders and the Twin Butte Debentureholders do not approve or fail to pass the Arrangement Resolution in accordance with the Interim Order;

(e) the date on which the Court of Queen's Bench of Alberta denies the granting of the Interim Order or the Final Order; and

(f) the date of any termination or purported or attempted termination (that is, for certainty, if either the Company or the Purchaser takes any step or action to terminate the Arrangement Agreement) of the Arrangement Agreement;

"**Lender Payout Letter**" means the payout letter referred to in the Credit Agreement, as amended and restated in respect of the New Credit Facility, to be obtained by the Company from the Agent with respect to the amounts due and owing by the Company under the Credit Agreement in the form referred to in the New Credit Facility to be paid by or on behalf of the Company on or prior to the Effective Date in satisfaction in full of such amounts;

"**Lenders**" means, collectively, the financial institutions and other lender parties to the Credit Agreement from time to time;

"**Letters of Transmittal**" means, collectively, the Debentureholder Letter of Transmittal and the Shareholder Letter of Transmittal and "**Letter of Transmittal**" means either of them, as applicable;

"**Material Adverse Change**" or "**Material Adverse Effect**" means any event, occurrence, circumstance or state of facts that, individually or in the aggregate, is or could reasonably be expected to be material and adverse to the business, operations, results of operations, properties, net cash flow, assets, or liabilities, obligations (whether absolute, accrued, conditional or otherwise), condition (financial or otherwise) or prospects of the Company, other than any event, occurrence, circumstance or state of facts resulting from or arising out of:

(a) conditions affecting the oil and gas industry as a whole or generally in jurisdictions in which the Company carries on a material portion of its business, and not specifically relating to the Company, including changes in royalties, GAAP, Applicable Laws or taxes (or the interpretation, application or non-application thereof of any such changes);

(b) general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States of America or elsewhere;

(c) any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;

(d) any matter which has been disclosed in the public record or disclosed in writing by the Company;

(e) any changes or effects arising, directly or indirectly, from the Arrangement or any other matters or actions permitted, restricted or contemplated by the Arrangement Agreement or consented to or approved in writing by the Purchaser, or in all such cases, occurring as a direct result thereof;

(f) a change in the market price or trading volume of the securities of the Company (provided, however, that the causes underlying such change may be considered to determine whether such causes constitute a Material Adverse Change or a Material Adverse Effect);

(g) the failure of the Company to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows or production of petroleum substances disclosed in writing by the Company or in the public record (provided that this paragraph (g) will not prevent a determination that any circumstance, event, change, effect, fact or occurrence giving rise to such a failure to meet any such projections, forecasts or estimates has resulted in a Material Adverse Effect to the extent it is not otherwise excluded from this definition);

(h) any changes that arise from changes in commodity prices in the independent reserves report of the Company, including with respect to any changes that are reflected in any financial statements of the Company that are filed by the Company after the Effective Date; or

(i) that relates to or arises out of the public announcement of the Arrangement Agreement or the consummation of the Transaction;

provided, however, that the change or effect referred to in paragraphs (a), (b) or (c) above does not primarily relate only to (or have the effect of primarily relating only to) the Company, compared to other entities of similar size and operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change referred to in paragraphs (a), (b) or (c) above will not be applicable;

"**Meeting**" means the annual and special meeting of Twin Butte Securityholders to be held on August 10, 2016 in accordance with the Arrangement Agreement and the Interim Order to permit the Twin Butte Securityholders to consider, among other things, the Arrangement Resolution and related matters, and any adjournment(s) or postponement(s) thereof;

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

"**Minister**" means the Minister within the meaning of the Investment Canada Act;

"**New Credit Facility**" means the senior secured revolving credit facility for the benefit of the Company to be effective on the Effective Date;

"**NBF**" means National Bank Financial Inc.;

"**Non-Revolving Facility**" has the meaning ascribed thereto under "*The Arrangement – Background to the Arrangement*";

"**Non-Solicitation Covenants**" has the meaning ascribed thereto under "*The Arrangement Agreement – Covenants of Twin Butte Regarding Non-Solicitation*";

"**NRF Payment Default**" means the failure by Twin Butte to pay and satisfy the obligations owing under the Non-Revolving Facility due on June 23, 2016 after expiry of the two Business Day cure period;

"**Options**" means an option to purchase Shares granted in accordance with the terms of the Option Plan, which has not been exercised, cancelled or otherwise terminated in accordance with the provisions of the Option Plan;

"**Option Plan**" means the share option plan of the Company approved by the Twin Butte Shareholders on May 14, 2009 providing for the grant of Options to directors, officers, employees, consultants and other service providers of the Company;

"**Option Termination Agreements**" means, collectively, the agreements entered into by the Company and each of the Twin Butte Optionholders, pursuant to which such Twin Butte Optionholders have agreed to surrender such Options for cancellation in accordance with the provisions of Section 2.9 of the Arrangement Agreement;

"**Other Meeting Business**" means the annual business to be considered at the Meeting (for greater certainty, other than the approval of the Arrangement Resolution), including the receipt of the financial statements of Twin Butte, fixing the number of directors of Twin Butte, the election of directors of Twin Butte and the appointment of auditors of Twin Butte;

"**Outside Date**" means September 30, 2016, subject to the right of the Purchaser to postpone the Outside Date for up to an additional 90 days (in 30-day increments) so long as any Regulatory Approval has not been obtained and has not been denied by a non-appealable decision of a Governmental Authority, by giving written notice to the Company to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Purchaser and the Company; provided that notwithstanding the foregoing, the Purchaser shall not be permitted to postpone the Outside Date if the failure to obtain the Competition Act Approval or the Investment Canada Act Approval is materially the result of the Purchaser failing to cooperate in accordance with the provisions of the Arrangement Agreement in obtaining the Competition Act Approval or the Investment Canada Act Approval, as the case may be;

"**Parties**" means, collectively, the Purchaser and Twin Butte, and "**Party**" means any of them and, when used herein, "other Party" means the Company on the one hand and the Purchaser on the other hand;

"**Pending Debenture Interest Default**" means the failure of Twin Butte to pay the Deferred Debenture Interest when payable on June 30, 2016 after expiry of the 30 day cure period under the Debenture Indenture;

"**Performance Awards**" means the outstanding performance awards granted under the Incentive Plan;

"**Person**" includes any individual, firm, limited or general partnership, limited liability company, limited liability partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

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

"**Plan of Arrangement**" means the plan of arrangement set forth in Schedule "B" to the Arrangement Agreement which is attached as Appendix C to this Information Circular, as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms thereof;

"**Purchaser**" means Reignwood Resources Holding Pte. Ltd.;

"**Purchaser Loan**" means a loan from the Purchaser to the Company for sufficient funds to enable the Company to repay the amounts due under the Credit Agreement on the Effective Date pursuant to the Lender Payout Letter;

"**Record Date**" means the record date for the Meeting, being July 11, 2016;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA;

"**Regulatory Approvals**" means, collectively:

(a) the Competition Act Approval;

(b) the Investment Canada Act Approval; and

(c) such other approvals, sanctions, rulings, consents, permits, determinations, exemptions, reviews, orders and decisions (including the lapse, without objection, of a prescribed time under a statute or regulation that prohibits a transaction from being implemented until such prescribed time has lapsed, without objection, following the giving of notice thereunder), waivers, early terminations, authorizations, clearances or written confirmations of no intention to initiate legal proceedings from, or registrations or filings with, Governmental Authorities required to consummate the Transaction;

"**Restricted Awards**" means the outstanding restricted awards granted under the Incentive Plan;

"**Reverse Break Fee**" has the meaning ascribed thereto under the heading "*The Arrangement - The Arrangement Agreement – Break Fee and Reverse Break Fee"*;

"**Reverse Break Fee Event**" has the meaning ascribed thereto under the heading "*The Arrangement - The Arrangement Agreement – Break Fee and Reverse Break Fee"*;

"**Securities**" means, collectively, the Shares and Debentures;

"**Securities Act**" means the *Securities Act* (Alberta), R.S.A. 2000, c. S-4, as amended;

"**Share Consideration**" means $0.06 per Share;

"**Shareholder Letter of Transmittal**" means the Letter of Transmittal forwarded to Twin Butte Shareholders pursuant to which Twin Butte Shareholders are required to deliver certificates representing Shares to the Depositary and may elect to receive, on completion of the Arrangement, in exchange for each Share, the Share Consideration;

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

"**Special Committee**" has the meaning ascribed thereto under the heading *"The Arrangement – Background to the Arrangement"*;

"**subsidiary**" has the meaning ascribed thereto in the *Securities Act* (Alberta);

"**Superior Proposal**" has the meaning ascribed thereto in Subsection 3.4(b)(vi)(A) of the Arrangement Agreement;

"**Support Agreements**" means the support agreements, substantially in the form attached as Schedule "C" in the Arrangement Agreement, entered into between the Purchaser and the Supporting Securityholders, in their capacities as Twin Butte Shareholders, Twin Butte Optionholders, Twin Butte Debentureholders and/or holders of Incentive Awards, as the case may be;

"**Supporting Securityholders**" means each of the directors and officers of Twin Butte in respect of Shares, Options, Incentive Awards and/or Debentures beneficially owned by them;

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

"**Transaction**" means the Arrangement and the other transactions contemplated by the Arrangement Agreement and in the Plan of Arrangement;

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

"**Twin Butte**" or the "**Company**" means Twin Butte Energy Ltd., a corporation existing under the ABCA;

"**Twin Butte Board**" means the board of directors of Twin Butte as it may be comprised from time to time;

"**Twin Butte Debentureholder Approval**" means the approval of the Arrangement Resolution by the Twin Butte Debentureholders at the Meeting in accordance with the Interim Order;

"**Twin Butte Debentureholders**" means the holders of Debentures;

"**Twin Butte Optionholders**" means the holders of Options;

"**Twin Butte Securityholders**" means, collectively, the Twin Butte Shareholders and the Twin Butte Debentureholders;

"**Twin Butte Shareholder Approval**" means the approval of the Arrangement Resolution by the Twin Butte Shareholders at the Meeting in accordance with the Interim Order;

"**Twin Butte Shareholders**" means the holders of Shares;

"**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**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; and

"**WTI**" means the West Texas Intermediate benchmark oil price.

CANADIAN / U.S. EXCHANGE RATES

In this Information Circular, dollar amounts are expressed in Canadian dollars. The following table sets forth, for each period indicated, the average exchange rates for one U.S. dollar expressed in Canadian dollars during such periods, and the exchange rate at the end of the period, in each case, based upon the Bank of Canada noon spot rate of exchange.

	Year Ended December 31		
	2015	**2014**	**2013**
Average ($USD/$CAD).	1.28	$1.10	$1.03
Period End ($USD/CAD)	1.38	$1.16	$1.06

On July 8, 2016 the exchange rate for one U.S. dollar expressed in Canadian dollars was $1.3073 based upon the Bank of Canada noon spot rate of exchange.

INFORMATION CIRCULAR AND PROXY STATEMENT

General

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Twin Butte for use at the Meeting. Other than as set forth herein, 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 Meeting other than those contained in this Information Circular 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 which is attached as Appendix C to this Information Circular and the Plan of Arrangement which is attached as Schedule "A" to the Arrangement Agreement. You are urged to carefully read the full text of the Plan of Arrangement.

All capitalized terms used in this Information Circular but not otherwise defined herein have the meanings set forth under "*Glossary of Terms*". The terms and abbreviations used in the Appendices are defined separately therein. Information contained in this Information Circular is given as of July 11, 2016 unless otherwise specifically stated.

The information concerning the Purchaser, the Acquiror and their affiliates contained in this Information Circular has been provided by the Purchaser for inclusion in this Information Circular. Although Twin Butte has no knowledge that any statements contained herein taken from or based on such information provided by the Purchaser are untrue or incomplete, Twin Butte assumes no responsibility for the accuracy of such information.

This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase securities in connection with the Arrangement, or the solicitation of a proxy, in any jurisdiction, to or from any person to whom it is unlawful to make such offer, solicitation of an offer or proxy solicitation in such jurisdiction. The delivery of this Information Circular does not under any circumstances, imply or represent that there has been no change in the information set forth herein since the date of this Information Circular.

Twin Butte Securityholders 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 Shares or Debentures through an Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the Shares or Debentures, as applicable, that you beneficially own.

No Canadian securities regulatory authority, the United States Securities and Exchange Commission or any state securities commission has passed upon the accuracy or adequacy of this Information Circular. Any representation to the contrary is an offence.

Information for Twin Butte Securityholders in the United States

Twin Butte is a corporation existing under the laws of the Province of Alberta. Twin Butte and this solicitation of proxies and the transactions contemplated in this Information Circular are not subject to the requirements of Section 14(a) of the U.S. Exchange Act, and therefore this solicitation is not being effected in accordance with U.S. securities laws. Accordingly, the solicitation and transactions contemplated in this Information Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, and this Information Circular has been prepared in accordance with disclosure requirements applicable in Canada. Twin Butte Securityholders in the United States should be aware that disclosure requirements under Canadian laws 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. Twin Butte Securityholders in the United States should also be aware that other requirements under Canadian laws may differ from those required under United States corporate and securities laws.

The enforcement by investors of civil liabilities under U.S. securities laws may be affected adversely by the fact that Twin Butte is organized under the laws of the Province of Alberta, that its officers and directors are residents of countries other than the United States, that certain experts named in this Information Circular are residents of countries other than the United States, and that all or substantial portions of the assets of Twin Butte and such other persons are, or will be, located outside the United States. You may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. securities laws. In addition, the courts of Canada may not enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal or state securities laws of the United States.

The Arrangement has not been approved or disapproved by the United States Securities and Exchange Commission or any other securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or the merits of this transaction or upon the accuracy or adequacy of the information contained in this Information Circular.

Twin Butte Securityholders in the United States that are United States taxpayers are advised to consult their independent tax advisors regarding the United States federal, state, local and foreign tax consequences to them of participating in the Arrangement.

Forward-Looking Statements

This Information Circular contains forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of Applicable Canadian Securities Laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "will", "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "may", "project", "should" and variations of such words and similar expressions are intended to identify forward-looking statements. Specifically, and without limiting the generality of the foregoing, all statements included in this Information Circular that address activities, events or developments that Twin Butte expects or anticipates will or may occur in the future, including, but not limited to statements with respect to the Arrangement; timing of the Final Order and the Effective Date; the benefits of the Arrangement; the treatment of Twin Butte Shareholders and Twin Butte Debentureholders under tax laws; timing of the Parties to make the required applications under the Investment Canada Act and Competition Act; stock exchange delistings and the timing thereof, may constitute forward-looking statements under Applicable Canadian Securities Laws and necessarily involve known and unknown risks and uncertainties, most of which are beyond Twin Butte's control. These risks may cause actual financial and operating results, performance, levels of activity and achievements to differ materially from those expressed in, or implied by, such forward-looking statements.

Although Twin Butte believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Such risks and uncertainties include, but are not limited to: the risk that the Arrangement may not close when planned or at all or on the terms and conditions set forth in the Arrangement Agreement; the failure of Twin Butte and the Purchaser to obtain the necessary Twin Butte Securityholder, Court, regulatory and other third party approvals required in order to proceed with the Arrangement; and consummation of the Plan of Arrangement being dependent on the satisfaction of customary closing conditions.

Although the forward-looking statements contained in this Information Circular are based upon assumptions which management of Twin Butte believes to be reasonable, Twin Butte cannot assure Twin Butte Securityholders that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this Information Circular, Twin Butte has made assumptions regarding, but not limited to: expectations and assumptions concerning the ability of Twin Butte and the Purchaser to obtain all required approvals for the Arrangement, including, but not limited to, Twin Butte Securityholder, Court and Regulatory Approvals.

Management of Twin Butte has included the above summary of assumptions and risks related to forward-looking statements provided in this Information Circular in order to provide Twin Butte Securityholders with a more complete perspective in respect of the Arrangement and such information may not be appropriate for other purposes. Twin Butte's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Twin Butte will derive therefrom.

The information contained in this Information Circular identifies additional factors that could affect the completion of the Arrangement. We urge you to carefully consider those factors. Accordingly, Twin Butte gives no assurance nor makes any representations or warranty that the expectations conveyed by the forward-looking statements will prove to be correct and actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements in this Information Circular. All of the forward-looking statements made in this Information Circular are qualified by these cautionary statements. Twin Butte undertakes no obligation to publicly update or revise any forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by Applicable Canadian Securities Laws.

SUMMARY

The following is a summary of certain information contained in this Information Circular. This summary is not intended to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Information Circular and the attached Appendices, all of which are important and should be reviewed carefully. Capitalized terms used in this summary without definition have the meanings ascribed to them in the Glossary of Terms or elsewhere in this Information Circular.

Date, Time and Place of Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on August 10, 2016 at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 - 8th Avenue S.W., Calgary, Alberta for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Twin Butte Securityholders. At the Meeting, Twin Butte Securityholders will consider and, if deemed advisable, approve the Arrangement Resolution. Twin Butte Shareholders will also be asked to consider the Other Meeting Business at the Meeting.

Twin Butte Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Shares included in the list of Twin Butte Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Twin Butte Shareholder transfers Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established that he, she or it owns such Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Twin Butte Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Shares at the Meeting.

In the case of Twin Butte Debentureholders, only Twin Butte Debentureholders whose names have been entered in the registers of holders of Debentures on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

See "*Information Concerning the Meeting – Date, Time and Place of Meeting*".

The Parties

Twin Butte

Twin Butte Energy Ltd. is a value oriented intermediate producer with a deep, low risk, drilling inventory focused on medium and heavy oil reservoirs. The Shares are listed on the TSX under the symbol "TBE" and the Debentures are listed on the TSX under the symbol "TBE.DB".

See "*Information Concerning Twin Butte*".

The Purchaser and the Acquiror

The Purchaser is a partnership of the Reignwood Group and Horizon Holding Group, both privately held corporations domiciled in Hong Kong and Canada, respectively. The Reignwood Group is a global multi-industrial conglomerate active in sixteen industries including consumer products, real estate, hospitality and lifestyle, healthcare, aviation, ocean engineering, construction management and leasing. The Reignwood Group holds investments in over sixty subsidiaries worldwide and maintains a commitment to the green, healthy development concept through the promotion of business and cultural exchanges between China, Asia and the West. Horizon Holding Inc. is a Toronto-based holding company that has business interests in a number of commodity trading companies, infrastructure and logistics facilities, commercial properties and manufacturing facilities across Canada and Asia.

The Purchaser is a private company organized and existing under the laws of Singapore, with its registered office in Singapore.

The Acquiror is a private limited company organized and existing under the laws of England and Wales, with its registered office in London, United Kingdom. The Acquiror is organized and incorporated by the Purchaser and is a wholly-owned subsidiary of the Purchaser.

See "*Information Concerning the Purchaser and the Acquiror*".

The Arrangement

The Arrangement will be implemented by way of a court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, the following transactions will occur:

- Twin Butte Shareholders (other than Dissenting Shareholders) will receive the Share Consideration for each Share held; and

- Twin Butte Debentureholders will receive the Debenture Consideration for each $1,000 principal amount of Debentures held.

The amount of the Debenture Consideration will vary depending on the date that the Arrangement is completed, since the accrued interest component for the calculation of the Debenture Consideration (including with respect to the Deferred Debenture Interest) will vary based on the Effective Date.

The Arrangement Agreement is attached to this Information Circular as Appendix C. Twin Butte encourages you to read the Arrangement Agreement as it is the agreement between the Purchaser and Twin Butte that governs the Arrangement. See "*The Arrangement – The Arrangement Agreement*".

The Plan of Arrangement is attached as Schedule "B" to the Arrangement Agreement which is attached as Appendix C to this Information Circular. Twin Butte also encourages you to read the Plan of Arrangement. See "*The Arrangement – Arrangement Mechanics*".

Background to the Arrangement

The Arrangement Agreement is the result of the arm's length negotiation between Twin Butte and the Purchaser. The Information Circular contains a summary of the events leading up to the negotiation of the Arrangement Agreement and the meetings, negotiations, discussions and actions between the Parties that preceded the execution and public announcement of the Arrangement Agreement. See "*The Arrangement - Background to the Arrangement*".

Reasons For and Anticipated Benefits of the Arrangement

In reaching its determination, approval and recommendation in respect of the Arrangement and the Arrangement Resolution, the Twin Butte Board considered many factors, including the terms and conditions of completion of the Arrangement, the recommendation of the Special Committee, various strategic factors and potential advantages and disadvantages of the Arrangement and the elements of the Arrangement Agreement that provide protection to the Twin Butte Securityholders. Without limiting the generality of the foregoing, the benefits, risks and other factors considered by the Twin Butte Board included the following:

- the significant liquidity and capital constraints faced by Twin Butte due to its outstanding indebtedness and limited operating cash flow as a result of depressed commodity prices; specifically, Twin Butte was required to repay the Non-Revolving Facility in a short time frame which could not be covered by cash flow or property dispositions (which would further erode the Company's borrowing base). Furthermore, due to lack of available funds to pursue additional drilling operations, Twin Butte would not be able to exploit the significant portfolio of opportunities available on its land base and as a result, it will be difficult for Twin Butte to maintain current production and consequently, its current cash flow from operations;

- given current market conditions and Twin Butte's debt position, it is difficult for Twin Butte to raise funds or secure sources of financing on terms that would be acceptable, or at all, and, as a result, the Twin Butte Board determined that it would be difficult to continue to fund development of its oil and natural gas properties;

- the consideration to be paid to Twin Butte Shareholders and Twin Butte Debentureholders will be comprised entirely of cash thereby providing Twin Butte Shareholders and Twin Butte Debentureholders with immediate liquidity and certainty of value;

- the Non-Revolving Facility was not repaid on its maturity on June 23, 2016 and while the Lenders have agreed to forbear from exercising their rights and remedies arising from this event of default under the Credit Agreement until the Lenders Outside Date, there is no guarantee that such forbearance will continue if the Arrangement is not completed;

- while the Deferred Debenture Interest payable on the Debentures is payable on June 30, 2016 is not permitted to be paid in accordance with the Debenture Indenture as a result of Twin Butte failing to repay all outstanding indebtedness under the Non-Revolving Facility which matured on June 23, 2016, if the Arrangement is completed and the Debentures are acquired pursuant thereto, Twin Butte Debentureholders will receive all outstanding accrued and unpaid interest to but excluding the Effective Date, including the unpaid Deferred Debenture Interest;

- completion of the Arrangement would provide a greater probability that the Lenders and the Company's vendors would be repaid in a timely fashion;

- Twin Butte's head office and management will remain in Alberta, continuing the operations and ensuring ongoing employment for the Company's staff;

- reduces the potential that Twin Butte may be subject to additional revisions to its borrowing base facilities as a result of further deteriorating commodity prices;

- the potential that in the absence of the Arrangement, the lenders may demand repayment of the amounts owing under the Credit Agreement;

- Peters provided the Fairness Opinion which provided that, as of the date of such opinion, and subject to the scope of review, assumptions, limitations and qualifications set forth in its opinion the consideration to be received by Twin Butte Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders;

- the Arrangement must be approved by: (i) not less than 66 2/3% of the Twin Butte Shareholders present in person or represented by proxy at the Meeting; (ii) by a simple majority of the votes cast by Twin Butte Shareholders present in person or represented by proxy at the Meeting after excluding votes cast by certain officers and directors of Twin Butte and certain other interested persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101*;* and (iii) not less than 66 2/3% of the principal amount of the Debentures held by Twin Butte Debentureholders present in person or represented by proxy at the Meeting and voted on the Arrangement Resolution, with the Twin Butte Shareholders and the Twin Butte Debentureholders each voting as a separate class;

- separate class votes will be provided to the Twin Butte Shareholders and the Twin Butte Debentureholders at the Meeting, and if either class does not provide the requisite approval for the Arrangement, the Arrangement will not proceed;

- the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Twin Butte Securityholders;

- registered Twin Butte Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise Dissent Rights and make application to be paid the fair value of their Shares;

- under the Arrangement Agreement, the Twin Butte Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement;

- the risks in respect of the Company's ongoing business and other considerations as set forth under "Risk Factors" below; and

- the other alternatives that had been investigated by Twin Butte and the risks and possible benefits of pursuing such alternatives.

See "*The Arrangement – Reasons for and Benefits of the Arrangement*".

Financial Advisors and Fairness Opinion

Twin Butte retained Peters and NBF as its financial advisors in connection with the Arrangement. Peters provided the Twin Butte Board with the Fairness Opinion which states that, in the opinion of Peters, as of the date of such opinion, and subject to scope of review, assumptions, limitations and qualifications set forth in the Fairness Opinion the consideration to be received by Twin Butte Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Twin Butte Shareholders.

The full text of the written Fairness Opinion, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the Fairness Opinion, are attached as Appendix D to this Information Circular. Peters provided the Fairness Opinion for the benefit of the Twin Butte Board in connection with, and for the purpose of, its consideration of the Arrangement. The Fairness Opinion is not to be construed as a recommendation to any Twin Butte Shareholder as whether to vote in favour of the Arrangement Resolution.

See "*The Arrangement – Financial Advisors and Fairness Opinion*".

Recommendation of the Twin Butte Board

Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and based upon the recommendation of the Special Committee and other relevant factors considered by the Twin Butte Board, the Twin Butte Board has unanimously determined that the Arrangement is in the best interests of Twin Butte, the Twin Butte Shareholders and the Twin Butte Debentureholders and that the consideration to be received by the Twin Butte Shareholders and the Twin Butte Debentureholders pursuant to the Arrangement is fair to the Twin Butte Shareholders and the Twin Butte Debentureholders, respectively. The Twin Butte Board unanimously recommends that Twin Butte Securityholders vote in favour of the Arrangement Resolution.

The discussion contained in this Information Circular 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 Arrangement 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 – Recommendation of the Twin Butte Board*".

Support Agreements

All of the directors and executive officers of Twin Butte have entered into Support Agreements pursuant to which they have agreed to vote approximately 3.9% of the issued and outstanding Shares (on a non-diluted basis) and approximately 0.08% of the outstanding Debentures in favour of the Arrangement Resolution.

Procedure for the Arrangement to Become Effective

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 Twin Butte Securityholders 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, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

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

Twin Butte Securityholder Approval

At the Meeting, Twin Butte Securityholders will be asked to approve the Arrangement Resolution. The full text of the Arrangement Resolution is set forth in Appendix A to this Information Circular and must be approved by: (i) not less than 66 2/3% of the votes cast by the Twin Butte Shareholders present in person or represented by proxy at the Meeting; (ii) by a simple majority of the votes cast by Twin Butte Shareholders present in person or represented by proxy at the Meeting after excluding votes cast by certain persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101*;* and (iii) not less than 66 2/3% of the principal amount of the Debentures held by the Twin Butte Debentureholders present in person or represented by proxy at the Meeting and voted upon the Arrangement Resolution. The Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities.

The Purchaser (and the Company) has a right to terminate the Arrangement Agreement in the event that either the Twin Butte Shareholder Approval or the Twin Butte Debentureholder Approval is not obtained. In such a circumstance, Twin Butte would not be entitled to the Reverse Break Fee. **Given the current commodity price environment and Twin Butte's current financial position, Twin Butte believes that it is critical that Twin Butte Shareholders and the Twin Butte Debentureholders vote in favour of the Arrangement Resolution.**

See "*The Arrangement – Twin Butte Securityholder Approval*".

Court Approval

Implementation of the Arrangement requires the approval of the Court. Subject to the terms of the Arrangement Agreement and Twin Butte obtaining the Twin Butte Shareholder Approval and the Twin Butte Debentureholder Approval, Twin Butte will make an application to the Court for the Final Order. An application for the Final Order approving the Arrangement is expected to be made on August 11, 2016 at 10:00 a.m. (Calgary time) at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta. On the application, the Court will consider the fairness of the Arrangement. See "*The Arrangement – Court Approval of the Arrangement and Completion of the Arrangement*".

Conditions Precedent

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or each of Twin Butte and the Purchaser at or prior to the Effective Time. See "*The Arrangement – The Arrangement Agreement – Conditions to Closing*". There is no assurance that conditions to the completion of the Arrangement will be satisfied or waived on a timely basis or at all.

Regulatory Matters

In addition to the approval of Twin Butte Securityholders and the Court, it is a condition to the implementation of the Arrangement that all of the requisite Regulatory Approvals be obtained, including Investment Canada Act Approval and Competition Act Approval. See "*The Arrangement – Regulatory Matters*".

Effective Time

Closing of the Arrangement will occur on the date on which the Articles of Arrangement is filed with the Registrar, which date will be not later than the fifth Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Effective Date) set forth in the Arrangement Agreement, or such other date as may be agreed to in writing by the Purchaser and Twin Butte.

Currently it is anticipated that the Effective Date will occur in mid-August 2016. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be earlier than anticipated or could be delayed 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 obtain all Regulatory Approvals in the time frames anticipated. See "*The Arrangement – The Arrangement Agreement – Effective Date of the Arrangement*".

The Arrangement Agreement

The Arrangement will be effected pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of and from each of Twin Butte and the Purchaser and various conditions precedent to completion of the Arrangement, both mutual and with respect to Twin Butte and the Purchaser.

The Arrangement Agreement provides that, upon the termination of the Arrangement Agreement upon the occurrence of certain events, in the case of Twin Butte, it is required to pay the Break Fee and, in the case of the Purchaser, it is required to pay the Reverse Break Fee.

The Information Circular includes 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 C to this Information Circular, and to the more detailed summary contained elsewhere in this Information Circular. See "*The Arrangement – The Arrangement Agreement*" and Appendix C to this Information Circular for an entire copy of the Arrangement Agreement.

Forbearance Agreement

On June 23, 2016, Twin Butte failed to repay all outstanding indebtedness under the Non-Revolving Facility on its maturity and the Lenders entered into the Forbearance Agreement, pursuant to which the Lenders agreed to forbear from exercising their rights and remedies arising as a result of the Credit Agreement Defaults until the Lenders Outside Date and agreed to extend the revolving period of the Twin Butte's revolving credit facility to the Lenders Outside Date. Pursuant to the subordination terms of the Debenture Indenture, the Company is restricted from making any payment of interest on the outstanding Debentures while it is in default under the Credit Agreement. As a result, the semi-annual interest payment on the Debentures which is payable June 30, 2016 will be required to be deferred. The unpaid interest on the Debentures will accrue, however, and provided the Debentures are acquired by the Purchaser (indirectly through the Acquiror) pursuant to the Arrangement, Twin Butte Debentureholders will receive as part of the Debenture Consideration for Debentures acquired pursuant to the Arrangement, accrued and unpaid interest up to but excluding the Effective Date, including the Deferred Debenture Interest. The Debentures commenced trading on the TSX on an interest flat basis on June 27, 2016 and will continue to trade on such basis until further notice.

Pursuant to the Forbearance Agreement, additional events of default were added to the Credit Agreement including, among others, any termination or amendment of the Arrangement Agreement or the Plan of Arrangement without the prior written consent of all of the Lenders.

Failure to close the Arrangement by the Lenders Outside Date would result in an event of default under the Credit Agreement. In that case, unless waived by the Lenders, such event of default could further result in, among other matters, an acceleration of the repayment of the indebtedness owing by Twin Butte under the Credit Agreement. Additionally, the Purchaser would have the right to terminate the Arrangement Agreement without payment of the Reverse Break Fee. See "*The Arrangement – Effect of the Arrangement on Twin Butte Debentureholders – Effect of the Credit Agreement Defaults on the Debentures and the Debenture Indenture*" and "*Risk Factors*".

Procedure for Exchange of Certificates by Twin Butte Shareholders and Twin Butte Debentureholders

Enclosed with this Information Circular are forms of the Letters of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing Shares or Debentures, as applicable, and all other required documents, will enable Twin Butte Shareholders (other than Dissenting Shareholders) and Twin Butte Debentureholders to obtain the Share Consideration and the Debenture Consideration, respectively.

The forms of the Letters of Transmittal contain instructions on how to exchange the certificate(s) representing your Shares or Debentures, as applicable, for the Share Consideration and the Debenture Consideration, respectively, under the Arrangement. You will not receive your Share Consideration or Debenture Consideration, as applicable, under the Arrangement until after the Arrangement is completed and you have returned your properly completed documentation, including the applicable Letter of Transmittal, the certificate(s) representing your Shares or Debentures and any other required documentation to the Depositary.

Subject to any applicable laws relating to unclaimed personal property, any certificate formerly representing Shares or Debentures that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive the cash payment hereunder that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a former holder of Shares or Debentures, as applicable, to receive the consideration for such Shares or Debentures, as applicable pursuant to the Plan of Arrangement (and any interest, dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to the Acquiror, for no consideration. In such case, any cash (including any interest, dividends or other distributions) shall be returned to the Acquiror.

See "*The Arrangement – Arrangement Mechanics*" and "*The Arrangement – Procedure for Exchange of Certificates by Twin Butte Shareholders and Twin Butte Debentureholders*".

Dissent Rights

Pursuant to the Interim Order, registered Twin Butte Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement becomes effective, to be paid the fair value of their Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. A registered Twin Butte Shareholder wishing to exercise Dissent Rights must send to Twin Butte a written objection to the Arrangement Resolution, which written objection must be received by Twin Butte c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1, Attention: Frederick Davidson by no later than 4:00 p.m. (Calgary time) on August 5, 2016 or by 4:00 p.m. (Calgary time) on the day that is three Business Days immediately preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be, and must otherwise strictly comply with Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. A registered Twin Butte Shareholder's right to dissent is more particularly described in the Information Circular, and a copy of the Interim Order and the text of Section 191 of the ABCA are set forth in Appendix B and Appendix E, respectively, to the Information Circular.

Twin Butte Shareholders who are Beneficial Twin Butte Securityholders and wish to dissent should be aware that only the registered owner of such Shares is entitled to dissent. Accordingly, a Twin Butte Shareholder that is a Beneficial Twin Butte Securityholder desiring to exercise Dissent Rights must make arrangements for the Shares beneficially owned to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Twin Butte. A registered Twin Butte Shareholder may dissent only with respect to all of the Shares held by the Dissenting Shareholder and Twin Butte Shareholders who have voted in favour of the Arrangement Resolution shall not be entitled to exercise the Dissent Rights.

It is a condition to the obligation of the Purchaser to complete the Arrangement that the holders of not more than 5% of the outstanding Shares shall have exercised Dissent Rights.

It is important that registered Twin Butte Shareholders who wish to exercise Dissent Rights comply strictly with the dissent procedures described in this Information Circular. See "*Dissenting Shareholder Rights*".

Stock Exchange Listings

Shares

It is intended that the Shares will be delisted from the TSX approximately two to three Business Days after the Effective Date.

The closing price per Share on June 23, 2016 the last full trading day on the TSX before the public announcement of the proposed Arrangement was $0.06, and on July 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price per Share was $0.05.

Debentures

It is intended, provided the Debentures are acquired pursuant to the Arrangement, that the Debentures will be delisted from the TSX, approximately two to three Business Days after the Effective Date.

The closing price of the Debentures on June 23, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement was $10.75 for each $100 principal amount of Debenture, and on July 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price of the Debentures was $15.01 for each $100 principal amount of Debenture.

Certain Income Tax Consequences of the Arrangement

Canada

This Information Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain Twin Butte Shareholders and Twin Butte Debentureholders who, under the Arrangement, dispose of Shares or Debentures to the Purchaser (indirectly through the Acquiror) for the applicable consideration. See the discussion under the section entitled "*Tax Considerations to Twin Butte Securityholders – Certain Canadian Federal Income Tax Considerations*".

Other

This Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement for Twin Butte Securityholders who are subject to income tax outside of Canada. Such holders should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions.

Risk Factors

There are risks associated with the completion of the Arrangement, including the following:

- the NRF Payment Default and the Pending Debenture Interest Default restricts Twin Butte's ability to pay any interest, principal or other amounts on the Debentures as well as the Debenture Trustee's and the Twin Butte Debentureholders ability to commence any proceedings for the collection of such amounts until all senior indebtedness is repaid in full or the event of default is otherwise cured, waived or ceases to exist. This results from the Debentures being subordinate to all senior indebtedness, including indebtedness under the Credit Agreement;

- in the event that the Arrangement is not completed, the Company's ability to continue as a going concern and discharge its obligations will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory to the Company or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds from asset sales;

- under the Arrangement Agreement, Twin Butte may be required to pay the Break Fee in the event that the Arrangement Agreement is terminated in certain circumstances. The Break Fee may discourage other parties from attempting to enter into a business transaction with Twin Butte, even if those parties would otherwise be willing to enter into an agreement with Twin Butte for a business combination. See "*The Arrangement – The Arrangement Agreement – Break Fee and Reverse Break Fee*";

- the completion of the Arrangement is subject to a number of conditions precedents, certain of which are outside the control of Twin Butte and the Purchaser, including obtaining the requisite approvals from Twin Butte Securityholders and required Regulatory Approvals. There is no certainty, nor can Twin Butte and/or the Purchaser provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If for any reason the Arrangement is not completed, the market price of the Shares and the Debentures may be materially adversely affected. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Twin Butte Board will be able to find another similar transaction in which to enter;

- in accordance with the terms of the Forbearance Agreement, failure to close the Arrangement by the Lenders Outside Date would result in an event of default under the Credit Agreement. In that case, unless waived by the Lenders, such event of default could further result in, among other matters, an acceleration of the repayment of the indebtedness owing by Twin Butte under the Credit Agreement;

- completion of the Arrangement is conditional upon receiving certain consents and regulatory approvals. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the Regulatory Approvals could adversely affect the business, financial condition or results of operations of Twin Butte; and

- the other risks set forth under "*Risk Factors*".

In addition, in the event that the Arrangement is not completed and Twin Butte continues as a going concern, Twin Butte will also continue to face many of the risks that it currently faces with respect to its business and affairs. For a description of these risks see "Risk Factors" in Twin Butte's annual information form for the year ended December 31, 2015, which is available under Twin Butte's SEDAR profile at www.sedar.com.

THE ARRANGEMENT

Background to the Arrangement

During August 2014, WTI was trading at approximately US$95 per barrel; however, commodity prices began to deteriorate towards the end of the third quarter of 2014 and by the end of 2014, WTI was trading at less than US$60 per barrel. Commodity prices continued to deteriorate during 2015 and 2016 with WTI trading below US$30 per barrel for periods in January and February 2016.

The collapse of commodity prices, including the drop in forecast commodity prices, had various adverse effects on the Company including decreased cash flow from operations and a reduction of the Company's reserves values. In response to the collapse of the commodity pricing environment, Twin Butte continued to examine strategic and financial means to improve the Company's capital structure. The Company took various proactive measures, including announcing a reduction to the dividend in December 2014, August and November 2015 and the suspension of its monthly dividend in December 2015, a reduced capital expenditure program for 2015 and 2016 leading to a reduction of net debt by $65.4 million in 2015, and the marketing of selective asset dispositions.

On December 9, 2015, as a result of (among other things) the foregoing conditions and the status of recent discussions with its lenders with respect to a pending potential decrease in the availability of credit under its lending facility, Twin Butte announced that it initiated a process to identify, examine and consider a range of strategic alternatives available to the Company (the "**Process**"), with a view to enhancing shareholder value. Strategic alternatives could include, but were not limited to, a debt restructuring, a sale of all or a material portion of the assets of Twin Butte, either in one transaction or in a series of transactions, the outright sale of the Company, or merger or other transaction involving Twin Butte and a third party, and/or alternative financing initiative (each, a **Potential Transaction**"). For the purposes of considering strategic alternatives, Twin Butte established a special committee (the "**Special Committee**") consisting of directors, R. James Brown (Chair), Warren D. Steckley and John A. Brussa to oversee the process. In this regard, the Company retained Peters and NBF as its financial advisors to advise the Company in connection with a comprehensive review and analysis of strategic alternatives as part of the Process. In connection with the Process, Peters contacted a number of potential interested third parties ("**Interested Parties**") to gauge their level of interest in a Potential Transaction and established an on-line data room containing certain confidential information with respect to Twin Butte and requested that all expressions of interest with respect to a Potential Transaction were to be received by not later than March 11, 2016.

During the period between December 2015 and April 2016, the Special Committee and the Board met on various occasions both with and without legal counsel, representatives of Peters and NBF, to discuss and consider the Process and Potential Transactions, including the Arrangement. During this period, the Company entered into a number of confidentiality and standstill agreements with, and provided information to, Interested Parties including the Purchaser with respect to Potential Transactions. Certain of the Interested Parties which had executed a confidentiality and standstill agreement received a management presentation.

While the Process was ongoing, in January 2016, the Company finalized the semi-annual review of its credit facilities with its bank syndicate. The Company's credit facilities were reduced from $275 million to $225 million, consisting of a $115 million revolving syndicated facility and a $25 million operating facility plus an additional $85 million non-revolving credit facility (the "**Non-Revolving Facility**"). At that time, the Non-Revolving Facility was due on April 30, 2016.

On March 11, 2016, Peters received a number of non-binding expressions of interest from potential Interested Parties with respect to the acquisition of Twin Butte, including a non-binding letter of intent from the Purchaser to which it was proposed, on a non-binding basis, to pursue a business combination transaction with Twin Butte. The Special Committee and the Twin Butte Board then convened on March 15, 2016 to consider the proposals, including the proposal from the Purchaser, and received presentations from each of Peters and the senior officers of the Company. The Special Committee discussed at length, among other matters, the Company's current circumstances and go-forward strategic considerations, including the consideration proposed by each proposal, the implications and risks of pursuing each of the proposals, the status of the Non-Revolving Facility (including the manner in which the various proposals addressed such pending repayment obligation), and the anticipated effects that each proposal would likely have on various stakeholders of Twin Butte, if completed. Following the deliberations and discussions

held at the meeting of the Special Committee, the Special Committee authorized Twin Butte to enter into discussions with the Purchaser and respond with a counterproposal.

Between March 24, 2016 and April 27, 2016, Twin Butte and the Purchaser pursued further negotiations and on April 29, 2016, Twin Butte entered into a non-binding letter of intent with the Purchaser.

Following May 1, 2016, Twin Butte and the Purchaser, with the assistance of their respective legal counsel and financial advisors negotiated the definitive terms of the Arrangement Agreement and related documentation and a number of discussions and negotiations ensued with respect to the terms of the New Credit Facility. The Purchaser also continued with its due diligence procedures. During this time, Twin Butte entered into a series of agreements with its lenders with respect to extending the maturity date of its Non-Revolving Facility and the expiry date of the revolving period of its $140 million revolving credit facility, with the final of such extensions extending the applicable dates until June 23, 2016, to enable the Company to continue with the Process.

On June 22 and 23, 2016, the Special Committee and the Twin Butte Board met with the legal and financial advisors of Twin Butte to review the terms of the proposed Arrangement Agreement and related matters. At the meetings, Twin Butte's legal advisors reviewed in detail the terms and conditions of the Arrangement Agreement and the Support Agreements and reviewed with the Special Committee the fiduciary duties of the Special Committee and the Twin Butte Board, specifically in the context of the proposed terms of the Arrangement Agreement. Peters provided the Special Committee with its detailed financial analysis and advice in respect of Twin Butte and the proposed Arrangement. The Special Committee and the Twin Butte Board also reviewed, among other things, (i) information concerning the business, operations, property, assets, financial conditions, operating results and the prospects of Twin Butte; (ii) historical information regarding the trading price and volumes of the Shares and the Debentures; (iii) current and prospective industry, economic and market conditions and Twin Butte's prospects going forward; (iv) the financial position of Twin Butte and its ability to fund its ongoing operations, in light of the status of its credit facilities; (v) the risks associated with the Company continuing to pursue its current business strategy and the risks associated with completion and non-completion of the proposed Arrangement; (vi) the specific terms of the draft Arrangement Agreement and the Plan of Arrangement, including the allocation of the aggregate consideration to each of the Twin Butte Shareholders and the Twin Butte Debentureholders and the elements of the proposed Arrangement that would provide protection to the Company and the Twin Butte Securityholders; and (vii) alternatives potentially available to the Company.

In addition to the foregoing, the Special Committee and the Twin Butte Board also considered the risks and likelihood of a receivership proceeding in the event the Arrangement Agreement was not entered into (and if the Arrangement is not completed on or prior to the Lenders Outside Date), and the probability, given the various expressions of interest delivered throughout the Process, that Twin Butte Securityholders, including Twin Butte Debentureholders, would receive no consideration in such proceedings due to the amounts owing to the Lenders under the Credit Agreement.

After such discussions, on June 23, 2016, Peters delivered its verbal Fairness Opinion which provided that, subject to the review of the final form of definitive documentation and the scope of review, assumptions, limitations and qualifications to be set forth in the written form of the Fairness Opinion the consideration to be received by Twin Butte Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders. On June 23, 2016, following further deliberations, based, in part again on the advice and analysis provided by Peters and the advice of the Company's legal counsel, the Special Committee unanimously determined to recommend to the Twin Butte Board approval of the Arrangement and the entering into of the Arrangement Agreement.

On June 23, 2016, following such recommendation and after its own deliberations, the Twin Butte Board unanimously: (i) determined that the Arrangement is in the best interests of Twin Butte, Twin Butte Shareholders and Twin Butte Debentureholders; (ii) determined that the consideration to be received by Twin Butte Shareholders and Twin Butte Debentureholders pursuant to the Arrangement is fair to the Twin Butte Shareholders and the Twin Butte Debentureholders, respectively; (iii) approved the Arrangement and the entering into of the Arrangement Agreement; and (iv) resolved to recommend that Twin Butte Shareholders and Twin Butte Debentureholders vote in favour of the Arrangement Resolution.

On June 23, 2016, Twin Butte failed to repay all outstanding indebtedness under the Non-Revolving Facility on its maturity and Twin Butte and the Lenders entered into the Forbearance Agreement pursuant to which the Lenders agreed to forbear from exercising their rights and remedies arising as a result of the Credit Agreement Defaults until the Lenders Outside Date and agreed to extend the revolving period of the Twin Butte's revolving credit facility to the Lenders Outside Date.

On June 23, 2016, Twin Butte and the Purchaser entered into the Arrangement Agreement and Twin Butte provided the Support Agreements to the Purchaser as executed by the Supporting Securityholders. A joint news release announcing the Arrangement and related matters was issued by Twin Butte on June 24, 2016 shortly after the opening of markets. The written Fairness Opinion dated June 23, 2016 was received by Twin Butte from Peters on July 8, 2016.

On July 11, 2016 Twin Butte and the Purchaser entered into an amending agreement to the Arrangement Agreement to effect certain "housekeeping" amendments to the Plan of Arrangement and the form of Arrangement Resolution set forth therein.

Reasons For and Anticipated Benefits of the Arrangement

In reaching its determination, approval and recommendation in respect of the Arrangement and the Arrangement Resolution, the Twin Butte Board considered many factors, including the terms and conditions of completion the Arrangement, the recommendation of the Special Committee, various strategic factors and potential advantages and disadvantages of the Arrangement and the elements of the Arrangement Agreement that provide protection to the Twin Butte Securityholders. Without limiting the generality of the foregoing, the benefits, risks and other factors considered by the Twin Butte Board included the following:

- the significant liquidity and capital constraints faced by Twin Butte due to its outstanding indebtedness and limited operating cash flow as a result of depressed commodity prices; specifically, Twin Butte was required to repay the Non-Revolving Facility in a short time frame which could not be covered by cash flow or property dispositions (which would further erode the Company's borrowing base). Furthermore, due to lack of available funds to pursue additional drilling operations, Twin Butte would not be able to exploit the significant portfolio of opportunities available on its land base and as a result, it will be difficult for Twin Butte to maintain current production and consequently, its current cash flow from operations;

- given current market conditions and Twin Butte's debt position, it is difficult for Twin Butte to raise funds or secure sources of financing on terms that would be acceptable, or at all, and, as a result, the Twin Butte Board determined that it would be difficult to continue to fund development of its oil and natural gas properties;

- the consideration to be paid to Twin Butte Shareholders and Twin Butte Debentureholders will be comprised entirely of cash thereby providing Twin Butte Shareholders and Twin Butte Debentureholders with immediate liquidity and certainty of value;

- the Non-Revolving Facility was not repaid on its maturity on June 23, 2016 and while the Lenders have agreed to forbear from exercising their rights and remedies arising from this event of default under the Credit Agreement until the Lenders Outside Date, there is no guarantee that such forbearance will continue if the Arrangement is not completed;

- while the Deferred Debenture Interest payable on the Debentures is payable on June 30, 2016 is not permitted to be paid in accordance with the Debenture Indenture as a result of Twin Butte failing to repay the Non-Revolving Facility which matured on June 23, 2016, if the Arrangement is completed and the Debentures are acquired pursuant thereto, Twin Butte Debentureholders will receive all outstanding accrued and unpaid interest to but excluding the Effective Date, including the unpaid Deferred Debenture Interest;

- completion of the Arrangement would provide a greater probability that the Lenders and the Company's vendors would be repaid in a timely fashion;

- Twin Butte's head office and management will remain in Alberta, continuing the operations and ensuring ongoing employment for the Company's staff;

- reduces the potential that Twin Butte may be subject to additional revisions to its borrowing base facilities as a result of further deteriorating commodity prices;

- the potential that in the absence of the Arrangement, the lenders may demand repayment of the amounts owing under the Credit Agreement;

- Peters provided the Fairness Opinion which provided that, as of the date of such opinion, and subject to the scope of review, assumptions, limitations and qualifications set forth in its opinion the consideration to be received by Twin Butte Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Twin Butte Shareholders;

- the Arrangement must be approved by: (i) not less than 66 2/3% of the Twin Butte Shareholders present in person or represented by proxy at the Meeting; (ii) by a simple majority of the votes cast by Twin Butte Shareholders, excluding votes cast by certain officers and directors of Twin Butte and certain other interested persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101*;* and (iii) not less than 66 2/3% of the principal amount of the Debentures held by Twin Butte Debentureholders present in person or represented by proxy at the Meeting and voted on the Arrangement Resolution, with the Twin Butte Shareholders and the Twin Butte Debentureholders each voting as a separate class;

- separate class votes will be provided to the Twin Butte Shareholders and the Twin Butte Debentureholders at the Meeting, and if either class does not provide the requisite approval for the Arrangement, the Arrangement will not proceed;

- the Arrangement will only become effective if, after hearing from all interested persons who choose to appear before it, the Court determines that the Arrangement is fair to the Twin Butte Securityholders;

- registered Twin Butte Shareholders may, upon compliance with certain conditions and in certain circumstances, exercise Dissent Rights and make application to be paid the fair value of their Shares;

- under the Arrangement Agreement, the Twin Butte Board retains the ability to consider and respond to Superior Proposals on the specific terms and conditions set forth in the Arrangement Agreement;

- the risks in respect of the Company's ongoing business and other considerations as set forth under "Risk Factors" below; and

- the other alternatives that had been investigated by Twin Butte and the risks and possible benefits of pursuing such alternatives.

The foregoing summary of the information and factors considered by the Special Committee and the Twin Butte Board is not intended to be exhaustive of the factors considered by them in reaching their respective conclusions and making their recommendations. In their evaluation of the Arrangement, individual members of the Special Committee and the Twin Butte Board evaluated the various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Twin Butte, and based upon the advice of the Twin Butte Board's and the Special Committee's legal and financial advisors. In view of the numerous factors considered in connection with their evaluation of the Arrangement, neither the Special Committee nor the Twin Butte Board found it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching their respective conclusions and recommendations. In addition, individual members of the Special Committee and the Twin Butte Board may have given different weights to different factors. The conclusions and

recommendations of the Special Committee and the Twin Butte Board were made after considering all of the information and factors involved.

Financial Advisors and Fairness Opinion

Twin Butte retained Peters and NBF as its financial advisors in connection with the Arrangement. On June 23, 2016, Peters provided the verbal Fairness Opinion to the Twin Butte Board. The written Fairness Opinion dated June 23, 2016 was received by Twin Butte on July 8, 2016. The Fairness Opinion provides that, as of the date of the Fairness Opinion and subject to the scope of review, assumptions, limitations and qualifications contained therein the consideration to be received by Twin Butte Shareholders pursuant to the Arrangement is fair, from a financial point of view to Twin Butte Shareholders.

The full text of the written Fairness Opinion, setting out the assumptions made, matters considered and limitations and qualifications on the review undertaken in connection with the Fairness Opinion, is attached as Appendix D to this Information Circular. The summary of the Fairness Opinion in this Information Circular is qualified in its entirety by reference to the full text of the written Fairness Opinion attached as Appendix D to this Information Circular. **The Twin Butte Board encourages the Twin Butte Shareholders to read the written Fairness Opinion in its entirety.** The Fairness Opinion is not intended to be and does not constitute a recommendation to any Twin Butte Shareholder to vote its Shares in favour of the Arrangement or as an opinion concerning the trading price or value of the Shares following the announcement or completion of the Arrangement. The Fairness Opinion was part of a number of factors taken into consideration by the Special Committee and the Twin Butte Board in making their determinations in respect of the Arrangement described below and in authorizing the submission of the Arrangement Resolution to the Twin Butte Securityholders for approval.

In consideration for their services, Twin Butte agreed to pay to Peters a fixed fee for delivery of the Fairness Opinion and to pay fees to Peters and NBF (including fees that are contingent on the completion of the Arrangement) in connection with the other financial advisory services provided, to reimburse each of the financial advisors for reasonable out-of-pocket expenses and to indemnify the financial advisors and certain of their respective related parties in respect of certain liabilities as may be incurred in connection with the Arrangement.

Recommendation of the Twin Butte Board

Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and based upon the recommendation of the Special Committee and other relevant factors considered by the Twin Butte Board, the Twin Butte Board has unanimously determined that the Arrangement is in the best interests of Twin Butte, the Twin Butte Shareholders and the Twin Butte Debentureholders and that the consideration to be received by the Twin Butte Shareholders and the Twin Butte Debentureholders pursuant to the Arrangement is fair to the Twin Butte Shareholders and the Twin Butte Debentureholders, respectively. The Twin Butte Board unanimously recommends that Twin Butte Securityholders vote in favour of the Arrangement Resolution.

Failure to close the Arrangement by the Lenders Outside Date may result in an event of default under the Credit Agreement. In that case, unless waived by the Lenders, such event of default would further result in, among other matters, an acceleration of the repayment of the indebtedness owing by Twin Butte under the Credit Agreement. Additionally, the Purchaser would have the right to terminate the Arrangement Agreement without payment of the Reverse Break Fee. See "*Risk Factors*".

Arrangement Mechanics

The Arrangement

The Arrangement will be implemented by way of a court approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement must be approved by the Twin Butte Securityholders 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, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

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

Arrangement Steps

The following summarizes the steps which will occur under the Plan of Arrangement on the Effective Date, if all conditions to the implementation of the Arrangement have been satisfied or waived. The following description of steps is qualified in its entirety by reference to the full text of the Plan of Arrangement attached as Schedule "B" to the Arrangement Agreement which is attached as Appendix C to this Information Circular:

(a) prior to the Effective Date in accordance with Section 3.7 of the Arrangement Agreement, the Acquiror shall advance in full by wire transfer of immediately available funds to the Depositary the Purchaser Loan, which as of the Effective Time, shall be deemed to be for the account of the Lenders under the Credit Agreement and will be evidenced by a demand promissory note in form and substance reasonably satisfactory to the Acquiror and the Company;

(b) the Depositary shall acknowledge that the Acquiror has deposited the Purchaser Loan with the Depositary to be held in a segregated account by the Depositary that will be used by the Depositary, on behalf of the Company, to repay indebtedness of the Company under the Credit Agreement in accordance with Section 3.7 of the Arrangement Agreement;

(c) subject to Section 5.1 of the Plan of Arrangement, each of the Shares held by Dissenting Shareholders shall be deemed to have been transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value for such Shares in accordance with the Dissent Rights;

(d) each outstanding Share (other than those held by Dissenting Shareholders) shall be transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and each Twin Butte Shareholder whose Shares are so transferred shall be entitled to receive from the Acquiror, for each Share so transferred, the Share Consideration;

(e) each outstanding Debenture shall be transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and each Twin Butte Debentureholder whose Debentures are so transferred shall be entitled to receive from the Acquiror, for each Debenture so transferred, the Debenture Consideration; and

(f) all of the Debentures shall be, and shall be deemed to be, irrevocably, finally and fully settled and extinguished by the issuance by the Company to the Acquiror of 198,333,333 Shares in full and final settlement of, and in exchange for, the Debentures. The Shares issued as aforesaid shall be, and shall be deemed to be, received in full and final settlement, extinguishment, discharge and release of the Debentures, the Debenture Indenture and all claims relating to the Debentures and the Debenture Indenture.

Effect of the Arrangement on Twin Butte Shareholders

Pursuant to the Arrangement: (i) Twin Butte Shareholders (other than Dissenting Shareholders) shall cease to be holders of the Shares transferred to the Acquiror; (ii) the Acquiror shall become the holder of the Shares transferred to it; and (iii) the Acquiror shall be required to pay, or cause to be paid, to each Shareholder (other than Dissenting Shareholders) the Share Consideration for each Share (comprised of $0.06 in cash) transferred by such Twin Butte Shareholder to the Acquiror. **Twin Butte Shareholder Approval is a condition precedent in favour of the Purchaser (and the Company) to the completion of the Arrangement. See "*The Arrangement – The Arrangement Agreement – Conditions to Closing*".**

Effect of the Arrangement on Twin Butte Debentureholders

Pursuant to the Arrangement: (i) Twin Butte Debentureholders shall cease to be holders of Debentures; (ii) the Acquiror shall become the holder of the Debentures; and (iii) the Acquiror shall be required to pay, or cause to be paid, to each Twin Butte Debentureholder the Debenture Consideration (comprised of $140 for each $1,000 principal amount of outstanding Debenture plus all accrued but unpaid interest payable thereon up to (but excluding) the Effective Date, including, for greater certainty, the Deferred Debenture Interest). **Twin Butte Debentureholder Approval is a condition precedent in favour of the Purchaser (and the Company) to the completion of the Arrangement. See "*The Arrangement – The Arrangement Agreement – Conditions to Closing*".**

Pursuant to the Plan of Arrangement, no Event of Default (as such term is defined in the Debenture Indenture) shall occur or shall be deemed to have occurred and be continuing as at the Effective Time and any Event of Default that has occurred or deemed to have occurred on or prior to the Effective Time shall be and shall be deemed to be waived, cured, cease to exists and of no force and effect as at the Effective Time. No consideration other than the Debenture Consideration will be owed to, received by or paid to any Debentureholder in respect of the Debentures, the Debenture Indenture or any agreement in respect thereof. Each Debentureholder transferring such Debentureholder's Debentures pursuant to the Arrangement shall cease to be the holder of the Debentures so transferred and shall cease to have any rights with respect to such Debentures.

If either Twin Butte Shareholder Approval and/or the Twin Butte Debentureholder Approval is not obtained at the Meeting in accordance with the terms of the Arrangement Agreement and the Interim Order, the Purchaser (and the Company) has a right to terminate the Arrangement Agreement. In such a circumstance, Twin Butte would not be entitled to the Reverse Break Fee. **Given the current commodity price environment and Twin Butte's current financial position, Twin Butte believes that it is critical that Twin Butte Shareholders and Twin Butte Debentureholders vote in favour of the Arrangement Resolution.**

The conversion price of the Debentures is $3.05 per Share, meaning Twin Butte Debentureholders would receive approximately 327.8689 Shares per $1,000 principal amount of Debenture held upon conversion of their Debentures. The consideration to be received per Share under the Arrangement is $0.06 and as a result, Twin Butte Debentureholders who convert their Debentures prior to the Effective Date would receive, effectively, approximately $19.67 per $1,000 principal amount of Debentures held, as compared to the Debenture Consideration of $140 per $1,000 principal amount of Debenture held plus accrued and unpaid interest up to (but not including) the Effective Date, including, for greater certainty, the Deferred Debenture Interest. As a result, it is not anticipated that Twin Butte Debentureholders will convert their Debentures for purposes of participating as Twin Butte Shareholders under the Arrangement. However, in the event that Debentureholders wish to convert such Debentures into Shares prior to the Effective Date, they must do so in a timely manner in accordance with the terms and conditions of the Debenture Indenture so that such conversion is effective prior to the Effective Time.

Effect of the Credit Agreement Defaults on the Debentures and the Debenture Indenture

As a result of the NRF Payment Default, Twin Butte is restricted from paying the Deferred Debenture Interest on June 30, 2016 and from making any other payment of any other liabilities under the Debentures except on closing of the Arrangement in connection with such closing. If the Debentures are acquired pursuant to the Arrangement, the Deferred Debenture Interest will be paid to Twin Butte Debentureholders as part of the accrued and unpaid interest component of the Debenture Consideration. The failure for 30 days to pay interest on the Debentures when due constitutes an event of default under the Debenture Indenture. Such event of default also constitutes a cross-default

under the Credit Agreement. Pursuant to the Forbearance Agreement, the Lenders have agreed to forbear from exercising any rights or remedies in respect of the Credit Agreement Defaults until the Lenders Outside Date. Pursuant to the subordination provisions contained in the Debenture Indenture and as a result of the Credit Agreement Defaults, unless and until such Credit Agreement Defaults shall have been cured or waived or ceases to exist, no payment (by purchase of the Debentures or otherwise) is permitted to be made by Twin Butte with respect to indebtedness, liabilities and obligations of Twin Butte under the Debentures (including on account of principal, interest or otherwise) and neither the trustee under the Debenture Indenture nor the Twin Butte Debentureholders may demand, accelerate or initiate any proceedings for the collection of any amounts in respect of the Debentures (including the Deferred Debenture Interest). As a result, the Debenture Trustee under the Debenture Indenture and Twin Butte Debentureholders will be restricted from demanding, accelerating or initiating any proceedings for the collection of any such amounts until all senior indebtedness has been paid in full or the event of default has been otherwise cured or waived or ceases to exist. See "*The Arrangement – Twin Butte Securityholder Approval*".

Effect of the Arrangement on Options and Incentive Awards

In connection with the Arrangement, pursuant to the terms of the Option Plan, all outstanding Options are subject to accelerated vesting immediately prior to the Effective Time. Twin Butte has entered into Option Termination Agreements with the Twin Butte Optionholders, pursuant to which the Twin Butte Optionholders have agreed, conditional upon the occurrence of the Effective Time, to surrender effective immediately before the Effective Time, all Options (to the extent they are still outstanding), for cancellation for aggregate consideration of $1.00 to each Twin Butte Optionholder regardless of the number of Options held by such Twin Butte Optionholder. Notwithstanding the foregoing, Twin Butte expects all outstanding Options will expire in accordance with their terms prior to the date of the Meeting, and in any event prior to the Effective Date.

In addition, pursuant to the Incentive Plan, all outstanding and unvested Incentive Awards will vest immediately prior to the Effective Time. Holders of any Incentive Awards that are outstanding immediately prior to the Effective Time will receive that number of Shares to which the holder is entitled to receive upon the vesting of such Incentive Awards in accordance with the terms of such Incentive Awards and the Incentive Plan. Each such Share will then be transferred to the Acquiror under the Arrangement in exchange for the Share Consideration on the same basis as all other outstanding Shares.

The Arrangement Agreement

The following is a summary of certain material terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement which is attached as Appendix C to this Information Circular and the Plan of Arrangement which is attached as Schedule "B" to the Arrangement Agreement. Twin Butte Securityholders are urged to read the Arrangement Agreement and the Plan of Arrangement in their entirety.

Summary of the Arrangement

The Arrangement will be implemented by way of a court-approved plan of arrangement under the ABCA pursuant to the terms of the Arrangement Agreement. The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, among other things, the following transactions will occur:

- Twin Butte Shareholders (other than Dissenting Shareholders) will receive the Share Consideration for each Share held; and

- Twin Butte Debentureholders will receive the Debenture Consideration for each $1,000 principal amount of Debentures held.

The amount of the Debenture Consideration will vary depending on the date that the Arrangement is completed, since the accrued interest component (including the Deferred Debenture Interest) for the calculation of the Debenture Consideration will vary based on the Effective Date.

Effective Date of the Arrangement

After obtaining the approval of the Twin Butte Securityholders, upon the other conditions in the Arrangement Agreement, including receipt of the appropriate Regulatory Approvals, being satisfied or waived (if permitted) and upon the Final Order being granted, Twin Butte will file the Articles of Arrangement with the Registrar. Pursuant to Section 193(12) of the ABCA, the Arrangement becomes effective on the date the Articles of Arrangement are filed. Closing of the Arrangement will occur on the date on which the Articles of Arrangement are filed with the Registrar, which date will be not later than the fifth Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Closing Date, but subject to the satisfaction or, where permitted, waiver of those conditions as of the Closing Date) set forth in the Arrangement Agreement, or such other date as may be agreed to in writing by the Purchaser and Twin Butte.

Currently it is anticipated that the Effective Date will be in mid-August 2016. It is not possible, however, to state with certainty when the Effective Date will occur. The Effective Date could be earlier than anticipated or could be delayed 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 obtain all Regulatory Approvals in the time frames anticipated.

Covenants, Representations and Warranties

Pursuant to the Arrangement Agreement, each of the Parties has covenanted, among other things, until the earlier of the completion of the Arrangement or the termination of the Arrangement Agreement in accordance with its terms, to use commercially reasonable efforts to give effect to completion of the Arrangement including satisfaction of the conditions thereto and, in the case of Twin Butte, to maintain its business in the usual and ordinary course and refrain from taking certain actions outside the ordinary course. For the complete text of the applicable provisions, see Sections 3.1, 3.2 and 3.3 of the Arrangement Agreement.

In addition, the Arrangement Agreement contains customary representations and warranties of Twin Butte and the Purchaser relating to, among other things, their respective organization, their authority to enter into the Arrangement Agreement and to consummate the Arrangement and, in the case of Twin Butte, its business, operations and affairs. For the complete text of the applicable provisions, see Articles 4 and 5 of the Arrangement Agreement.

Covenants of Twin Butte Regarding Non-Solicitation

Pursuant to Section 3.4 of the Arrangement Agreement, Twin Butte has agreed to certain non-solicitation covenants (the "**Non-Solicitation Covenants**") in favour of the Purchaser that:

(a) The Company shall:

(i) immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of its employees, consultants, advisors (including financial and legal advisors), representatives and agents or other parties acting on its behalf (collectively, "**Company Representatives**") of the Company), if any, with any third parties (other than the Purchaser and its affiliates) initiated before the Agreement Date with respect to any proposal that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal;

(ii) as and from the Agreement Date until the termination of the Arrangement Agreement pursuant to Article 8 of the Arrangement Agreement, discontinue providing access to any of its confidential information and not allow or establish further access to any of its confidential information, or any data room, virtual or otherwise;

(iii) pursuant to and in accordance with each applicable confidentiality agreement to which it is entitled to do so, promptly request (and exercise all rights it has to require) the return or destruction of all information provided to any third parties that have entered into a

confidentiality agreement with the Company relating to an Acquisition Proposal and shall make commercially reasonable efforts to cause such requests to be honoured; and

(iv) actively prosecute and enforce any agreement containing standstill provisions and any provision of any existing confidentiality agreement or standstill agreement to which it is a party. The Company represents and warrants that, as of the Agreement Date, it has not waived any standstill provisions that would otherwise be in effect at the Agreement Date.

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

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

(ii) withdraw or modify, or propose to withdraw or modify, in any manner adverse to the Purchaser, the approvals, determinations and recommendations of the Twin Butte Board as set out in Section 2.4(c) of the Arrangement Agreement;

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

(iv) accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal; or

(v) release, waive, terminate or otherwise forbear in the enforcement of, amend or modify, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear or amend or modify, in respect of, any rights or other benefits under any confidentiality agreements relating to an Acquisition Proposal to which the Company is a party, including, without limitation, any standstill provisions thereunder, or any standstill agreement or any other agreement containing standstill provisions to which the Company is a party, and

provided, however, that notwithstanding any provisions of Sections 1.1(a)(i), 1.1(a)(ii) or 1.1(b) of the Arrangement Agreement, the Company and the Company Representatives may:

(vi) 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 Agreement Date, by the Company or any of the Company Representatives) seeks to initiate such discussions or negotiations that does not result from a breach of Section 3.4 of the Arrangement Agreement and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement in favour of the Company (to the extent such third party is not already subject to such type of agreement), including waiver of standstill provisions which do not provide for waiver or release thereof other than with the consent of the Company and provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to the Purchaser, may furnish to such third party information concerning the Company and its business, affairs, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made an unsolicited written *bona fide* Acquisition Proposal and the Twin Butte Board determines in good faith: (1) that is not subject to a financing condition and the funds or other consideration necessary for the payment of the Break Fee to the Purchaser in accordance with Section 8.2 of the Arrangement Agreement and the consummation of such Acquisition Proposal are available or, as demonstrated to the Twin Butte Board, acting in good faith, that adequate financing arrangements will be in place to ensure that the third party will have the funds necessary for the payment of the Break Fee to the Purchaser in accordance with Section 8.2 of the Arrangement Agreement and the consummation of the Acquisition Proposal, if any; (2) that provides for the payment by such third party of the Break Fee to the Purchaser in accordance with Section 8.2 of the Arrangement Agreement; (3) that is not subject to any due diligence or access condition, other than to permit access to the books, records or personnel of the Company which is not more extensive than that which would customarily be provided for confirmatory due diligence purposes and which access shall not extend beyond the tenth calendar day after which such access is first afforded to the Person making such Acquisition Proposal; (4) that the Twin Butte Board and any relevant committee thereof has determined in good faith (after receipt of advice from a financial advisor and outside legal counsel) is reasonably capable of being completed in accordance with its terms within a time frame that is reasonable in the circumstances taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; and (5) in respect of which the Twin Butte Board has determined in good faith (after the receipt of advice from its outside legal counsel in respect of (I) below, and its financial advisors in respect of (II) below, in each case as reflected in the minutes of the Twin Butte Board), that (I) failure to recommend such Acquisition Proposal would be inconsistent with its fiduciary duty under Applicable Laws; and (II) such Acquisition Proposal if consummated in accordance with its terms, would reasonably be expected to result in a transaction financially superior for the Twin Butte Securityholders than the Transaction in its current form (including taking into account any modifications to the Arrangement Agreement proposed by the Purchaser as contemplated by Section 3.4(d)) of the Arrangement Agreement (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, the Company provides prompt notice to the Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person or entity and provides to the Purchaser a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to the Purchaser, copies of all information provided to such third party concurrently with the provision of such information to such third party, together with the information required to be provided as contemplated above;

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

(viii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party and, in connection therewith, withdraw any approval or recommendation contemplated above, but only if prior to such acceptance, recommendation, approval or implementation, (A) the Twin Butte Board shall have concluded in good faith, after considering all proposals to adjust the terms and conditions

of the Arrangement Agreement as contemplated by Section 3.4(d) of the Arrangement Agreement and after receiving the advice of its financial advisor and outside legal counsel, as reflected in minutes of the Twin Butte Board, that it is a Superior Proposal and the failure to take such action is inconsistent with the discharge of the fiduciary duties of the Twin Butte Board under Applicable Laws, and (B) the Company complies with its obligations set out in Section 3.4(d) of the Arrangement Agreement, and (C) the Company terminates the Arrangement Agreement in accordance with Section 8.1(d)(i) of the Arrangement Agreement and concurrently therewith pays the Break Fee to the Purchaser.

(c) The Company shall promptly (and in any event within 24 hours of receipt by the Company) notify the Purchaser (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to the Company, its assets, or any amendments to the foregoing received by the Company. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) received by the Company or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request (to the extent then known by the Company). The Company shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as the Purchaser may reasonably request (to the extent then known by the Company). The Company shall keep the Purchaser fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all reasonable inquiries by the Purchaser with respect thereto, and shall provide to the Purchaser copies of all material correspondence and other written material sent to or provided to the Company by any Person in connection with such inquiry, proposal, offer or request or sent or provided by the Company to any Person in connection with such inquiry, proposal, offer or request.

(d) Following receipt of a Superior Proposal, the Company shall give the Purchaser, orally and in writing, at least five Business Days advance notice of any decision by the Twin Butte Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall: (i) confirm that the Twin Butte Board has determined that such Acquisition Proposal constitutes a Superior Proposal; (ii) identify the third party making the Superior Proposal; (iii) confirm that the Company or the third party making the Superior Proposal has sufficient funds to pay the Break Fee to the Purchaser in accordance with Section 8.2 of the Arrangement Agreement if the Company terminates the Arrangement Agreement in accordance with Section 8.1(d)(i) of the Arrangement Agreement; and (iv) confirm that a definitive agreement to implement such Superior Proposal has been settled between the Company and such third party in all material respects, and the Company will concurrently provide a true and complete copy thereof and, will thereafter promptly provide any amendments thereto, to the Purchaser. During the five Business Day period commencing on the delivery of such notice, the Company agrees not to accept, recommend, approve or enter into any definitive agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five Business Day period, the Company shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Purchaser and its financial and legal advisors to make such adjustments in the terms and conditions of the Arrangement Agreement and the Arrangement that would result in the Arrangement, as amended, being equal or superior from a financial point of view to the Twin Butte Securityholders than the Superior Proposal. In the event the Purchaser confirms in writing its commitment to amend the Arrangement Agreement to provide a transaction financially equivalent or superior for the Twin Butte Securityholders than the Superior Proposal and so advises the Board of Directors prior to the expiry of such five Business Day period, the Twin Butte Board shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, the Purchaser shall have no obligation to make or negotiate any changes to the Arrangement Agreement in the event that the Company is in receipt of a Superior Proposal. The

Company acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of Section 3.4(d) of the Arrangement Agreement.

(e) The Twin Butte Board shall reaffirm its recommendation of the Arrangement by news release promptly, and in any event within two Business Days of being requested to do so by the Purchaser (or in the event that the Meeting to approve the Arrangement is scheduled to occur within such two Business Day period, prior to the scheduled date of such meeting), in the event that: (i) any Acquisition Proposal is publicly announced unless the Twin Butte Board has determined that such Acquisition Proposal constitutes a Superior Proposal in accordance with Section 3.4 of the Arrangement Agreement; or (ii) the Parties have entered into an amended agreement pursuant to Section 3.4(d) of the Arrangement Agreement that results in any Acquisition Proposal not being a Superior Proposal.

(f) The Purchaser agrees that all information that may be provided to it by the Company 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 in favour of the Company and such information shall not be disclosed or used except in accordance with the Confidentiality Agreement in favour of the Company or in order to enforce its rights under the Arrangement Agreement in legal proceedings.

(g) The Company shall ensure that the Company Representatives and the Purchaser shall ensure that the Purchaser Representatives (as defined in the Arrangement Agreement) are aware of the provisions of Section 3.4 of the Arrangement Agreement. The Company shall be responsible for any breach of Section 3.4 of the Arrangement Agreement by the Company Representatives.

Conditions to Closing

Mutual Conditions Precedent

Under the terms of the Arrangement Agreement, the Parties have the respective obligations of the Parties to consummate the transactions contemplated by the Arrangement Agreement, and in particular the completion of the Arrangement, are subject to the satisfaction, on or before the Closing Date, or such other time specified, of the following conditions:

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

(b) the Arrangement Resolution shall have been approved by the Twin Butte Securityholders at the Meeting in accordance with the Interim Order;

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

(d) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of the Purchaser and the Company, acting reasonably;

(e) the Competition Act Approval and Investment Canada Act Approval shall have been obtained on terms and conditions satisfactory to each of the Company and the Purchaser, acting reasonably;

(f) all required Regulatory Approvals and consents necessary for the completion of the Arrangement, other than those otherwise contemplated in paragraph (e) above, shall have been obtained on terms and conditions satisfactory to each of the Company and the Purchaser, acting reasonably;

(g) no action shall have been taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued after the Agreement Date by any Governmental Authority, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Transaction; or

(ii) results in a judgment or assessment of material damages directly or indirectly relating to the Transaction; and

(h) the Arrangement Agreement shall not have been terminated pursuant to Article 8 of 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 any Party (with respect to such Party) in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights that such Party may have.

Conditions in Favour of the Purchaser

The obligation of the Purchaser to consummate the transactions contemplated by the Arrangement Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Closing Date or such other time specified, of the following conditions:

(a) all covenants of the Company under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by the Company in all material respects, and the Purchaser shall have received a certificate of the Company addressed to the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of the Company in the Arrangement Agreement which are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of the Arrangement Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct as of such specified date) and all other representations and warranties of the Company in the Arrangement Agreement which are not so qualified shall be true and correct in all material respects as of the date of the Arrangement Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct in all material respects as of such specified date) except, in each case, for any inaccuracy in such representations and warranties which, individually or in the aggregate, would not or would not reasonably be expected to have a Material Adverse Effect, and the Purchaser shall have received a certificate of the Company, addressed to the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(c) the Company shall have furnished the Purchaser with:

(i) a certified copy of each resolution duly passed by the Twin Butte Board approving the execution and delivery of the Arrangement Agreement and the performance by the Company of its obligations under the Arrangement Agreement and the consummation of the Transaction;

(ii) a certified copy of the Arrangement Resolution approved by the Shareholders and, subject to the occurrence of the events described in Section 2.9(f) of the Arrangement Agreement, the Optionholders, at the Meeting; and

(iii) a certified copy of the Arrangement Resolution approved by Company Debentureholders at the Meeting;

(d) since the date hereof, there shall not have occurred or been disclosed a Material Adverse Change, and the Purchaser shall have received a certificate of the Company addressed to the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(e) the aggregate number of Shares held, directly or indirectly, by those holders of such Shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 5% of the aggregate number of Shares outstanding as of the Effective Time;

(f) there shall not be pending or threatened, any suit, action or proceeding by any Person other than a Governmental Authority which in the judgement of the Purchaser, acting reasonably, has a reasonable likelihood of success, or by any Governmental Authority:

(i) seeking to prohibit, restrict or materially delay the acquisition by the Purchaser of any Shares or Debentures, seeking to restrain or prohibit the consummation of the Arrangement or any of the material terms and conditions of the Transaction or seeking to obtain from the Company any material damages directly or indirectly in connection with the Transaction;

(ii) seeking to prohibit or limit the ownership or operation by the Company, the Purchaser or any of their respective affiliates of any material portion of the business or assets of the Company or to compel the Purchaser to dispose or divest of or hold separate any material portion of the business or assets of the Company;

(iii) seeking to impose material limitations on the ability of the Purchaser to acquire, hold, or exercise full rights of ownership of the Shares;

(iv) seeking to prohibit the Purchaser from effectively controlling in any material respect the business or operations of the Company; or

(v) which, if successful, in the judgement of the Purchaser is reasonably likely to have a Material Adverse Effect;

(g) all of the outstanding Options (subject to the occurrence of the events described in Section 2.9(f) of the Arrangement Agreement) and Incentive Awards shall have been exercised or been cancelled or terminated;

(h) if requested by the Purchaser, on the Effective Date, each of the directors and officers of the Company shall have provided his or her resignation and each such director or officer shall have executed and delivered a mutual release in favour of the Company and the Purchaser, in a form and content satisfactory to the Purchaser, acting reasonably, which shall contain, without

limitation, a mutual release in respect of all claims, except for claims relating to: (i) outstanding obligations under the Employment Agreements (subject to the terms of any acknowledgement, waiver and mutual release executed by such director or officer pursuant to Section 6.2(i) of the Arrangement Agreement); (ii) indemnification or reimbursement granted to the such director or officer pursuant to the terms of the by-laws of the Company, the ABCA and any written indemnity agreements entered into between the Company and such director or officer; (iii) any directors' and officers' insurance policies maintained for the benefit of such director or officer by the Company or its successors and assigns; and (iv) fraud, intentional misrepresentation or willful misconduct on the part of such director or officer;

(i) each of the Company Executives shall have:

(i) executed and delivered an amended and restated executive employment agreement (to be effective on the Effective Date) containing terms established by the Purchaser in form and substance satisfactory to the Purchaser;

(ii) not taken any action or expressed any intent to rescind or cancel such amended and restated executive employment agreement or any related agreement; and

(iii) executed and delivered an acknowledgement, waiver and mutual release in favour of the Company and the Purchaser in exchange for the payment of the amounts set forth in the Company Disclosure Letter in a form and content satisfactory to the Purchaser, acting reasonably, which shall contain, without limitation, a mutual release in respect of all claims, except for claims relating to: (A) obligations under such Company Executive's amended and restated employment agreement; and (B) fraud, intentional misrepresentation or willful misconduct on the part of such Company Executive;

(j) the Purchaser shall be satisfied that, immediately prior to the Effective Time, there shall not be more than 379,277,292 Shares outstanding (including no more than 24,563,223 Shares are issued pursuant to the Incentive Awards and assuming that no Options have been exercised since the Agreement Date and no Shares are issued upon the conversion of any Debentures) and the Purchaser shall be satisfied that upon completion of the Arrangement no person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued Shares;

(k) the consent of the Lenders pursuant to the Credit Agreement to the Transaction shall have been obtained on terms and conditions satisfactory to the Purchaser (the "**Bank Consent**");

(l) the approval and agreement of the Lenders to:

(i) forbear from exercising any remedies of any kind until August 15, 2016 or as otherwise set forth in the Forbearance Agreement arising from or in connection with (A) the non-payment by the Company of the Non-Revolving Facility on the Agreement Date; or (B) any failure to pay interest under the Debentures, pursuant to the Forbearance Agreement;

(ii) the continued availability of the Credit Facilities (as defined in the Arrangement Agreement) such that the Company has continued access to funds under the Credit Agreement during the Interim Period (as defined in the Arrangement Agreement), in each case with no incremental "restructuring" or "relaxation" fees or other fees or charges which might otherwise be associated with the Company's repayment obligations or required term extensions under the Credit Agreement, other than interest at a rate no more than prime plus 2.5% per annum and payment of standby fees set forth therein;

(iii) no further cash sweeps of the Company or other actions which result in the Company not being able to continue in the ordinary course of business from the date of the Letter of Intent (as defined in the Arrangement Agreement) to the Effective Time;

(iv) limit or reduce the scope of work of the monitor appointed by the Lenders; and

(v) discharge the fixed charge security registered against the Assets (as defined in the Arrangement Agreement) in favour of the Lenders at any time upon the completion of the Transaction at the request and the sole cost of the Company,

in each case on terms and conditions satisfactory to the Purchaser;

(m) no default or event of default has occurred or is continuing under the Credit Agreement or any derivative contract, during the Interim Period that is not the subject of the Forbearance Agreement, or any extension or amendment thereof or which has not been remedied by the Company within the applicable cure period, if any, or if such default or event of default has not been so remedied or for which there is no remedy, such default or event of default has been waived or consented to by the applicable parties, in each case on terms and conditions acceptable to the Purchaser, in its sole discretion;

(n) no default or event of default has occurred or is continuing under the Debenture Indenture which has resulted in the declaration of the principal of, premium if any, on and interest on all Debentures then outstanding and all other monies outstanding under the Debenture Indenture to be due and payable and/or the enforcement of the same in accordance with the terms of the Debenture Indenture, or such default or event of default has been waived in accordance with the terms of the Debenture Indenture, in each case on terms and conditions acceptable to the Purchaser, in its sole discretion;

(o) the New Credit Agreement shall have been established to be available at the Effective Date;

(p) the Purchaser shall have been provided with the Lender Payout Letter, consistent with the form referred to in the New Credit Facility, and the form and substance of which Lender Payout Letter will be subject to the prior review and approval of the Purchaser;

(q) other than the Bank Consent, the consent, approval, waiver of, or notice to, the counterparties to each contract set forth in the Company Disclosure Letter relating to the execution and delivery of the Arrangement Agreement or the consummation of the Transaction shall have been provided or obtained to the extent required under such contract on terms acceptable to the Purchaser, acting reasonably; and

(r) the Purchaser shall have received evidence satisfactory to it that all Encumbrances (as defined in the Arrangement Agreement) other than Permitted Encumbrances (as defined in the Arrangement Agreement) have been discharged and that the Assets are free and clear of all Encumbrances other than Permitted Encumbrances.

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

Conditions in Favour of Twin Butte

The obligation of Twin Butte to consummate the transactions contemplated by the Arrangement Agreement, and in particular to complete the Arrangement, is subject to the satisfaction, on or before the Closing Date or such other time specified, of the following conditions:

(a) all covenants of the Purchaser under the Arrangement Agreement to be performed on or before the Effective Time shall have been duly performed by them in all material respects, and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Purchaser by an authorized signatory, on the Purchaser's behalf and without personal liability, confirming the same as of the Effective Date;

(b) the representations and warranties of the Purchaser in the Arrangement Agreement which are qualified by the expression "material" shall be true and correct as of the date of the Arrangement Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct as of such specified date) and all other representations and warranties of the Purchaser in the Arrangement Agreement which are not so qualified shall be true and correct in all material respects as of the date of the Arrangement Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct in all material respects as of such specified date), and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Purchaser by an authorized signatory of the Purchaser, on the Purchaser's behalf and without personal liability, confirming the same as of the Effective Date;

(c) the Purchaser shall have furnished the Company with a certified copy of each resolution duly passed by the board of directors of the Purchaser approving the execution and delivery of the Arrangement Agreement and the performance by the Purchaser of its obligations under the Arrangement Agreement;

(d) the Purchaser shall have irrevocably deposited, or caused to be deposited with the Depositary, and the Company shall have received written confirmation of the receipt of such funds by the Depositary, the aggregate amount payable to the Twin Butte Securityholders under the Arrangement, in accordance with Section 2.8 of the Arrangement Agreement; and

(e) the Purchaser shall have irrevocably deposited, or caused to be deposited with the Depositary, the Purchaser Loan in accordance with Section 3.7 of the Arrangement Agreement.

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.

Termination of the Arrangement Agreement

The Parties have agreed that, pursuant to Section 8.1 of the Arrangement Agreement, the Arrangement Agreement may be terminated at any time prior to the Effective Date:

(a) by mutual written agreement of the Parties; or

(b) by either the Purchaser or the Company if:

(i) the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate the Arrangement Agreement under Section 8.1(b)(i) of the Arrangement Agreement shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) the Arrangement Resolution shall have failed to receive the requisite vote of the Twin Butte Securityholders of record for approval at the Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

(iii) after the Agreement Date, there shall be enacted or made any Applicable Law (or any such Applicable Law shall have been amended) that makes the consummation of the Arrangement illegal or otherwise prohibited or enjoins the Company or the Purchaser from consummating the Arrangement and such Applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(c) by the Purchaser:

(i) if a "**Change in Recommendation**" occurs as described in paragraphs (A) through (H) below:

(A) the Twin Butte Board fails to make any of the recommendations or determinations referred to in Section 2.4(c) of the Arrangement Agreement or in the manner contemplated by Section 2.4(c) of the Arrangement Agreement in a manner adverse to the Purchaser;

(B) the Twin Butte Board withdraws, changes or modifies, any of the recommendations or determinations referred to in Section 2.4(c) of the Arrangement Agreement in a manner adverse to the Purchaser;

(C) the Twin Butte Board fails to publicly reaffirm any of the recommendations or determinations referred to in Section 2.4(c) of the Arrangement Agreement within two Business Days of a request from the Purchaser to do so;

(D) the Twin Butte Board fails to publicly reaffirm any of the recommendations or determinations referred to in Section 2.4(c) of the Arrangement Agreement within five Business Days of the public announcement of an Acquisition Proposal;

(E) the Twin Butte Board accepts, approves, endorses or recommends to Twin Butte Securityholders, to the extent applicable, an Acquisition Proposal;

(F) the Company enters into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 3.4(b)(vi) of the Arrangement Agreement);

(G) the Twin Butte Board recommends that the Twin Butte Securityholders deposit their Shares or Debentures under, vote in favour of, or otherwise accept an Acquisition Proposal; or

(H) the Twin Butte Board shall have resolved to do any of the foregoing;

(ii) provided that the Purchaser is not then in breach of the Arrangement Agreement that would give rise to a right of termination by the Company pursuant to the Arrangement Agreement, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in the Arrangement Agreement shall have occurred that would cause any of the conditions set forth in Section 6.1 or Section 6.2 of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured by the earlier of:

(A) the date that is 20 days following the Purchaser's delivery of notice of such breach; and

(B) the Outside Date,

such that if determined on such date any of the conditions set forth in Section 6.1 or Section 6.2 of the Arrangement Agreement would not be satisfied;

(iii) on payment of the Break Fee payable pursuant to Section 8.2 of the Arrangement Agreement; or

(iv) on payment of the Reverse Break Fee pursuant to Section 8.2 of the Arrangement Agreement, in the event that all of the conditions in favour of the Purchaser in the Arrangement Agreement have been met (other than such conditions that, by their terms, cannot be satisfied until the Effective Time); or

(d) by the Company:

(i) on payment of the Break Fee payable pursuant to Section 8.2 of the Arrangement Agreement, in the event that the Company determines to enter into an agreement in connection with a Superior Proposal in the circumstances set out in Section 3.4(d) of the Arrangement Agreement and otherwise after having complied with its obligations in Section 3.4 of the Arrangement Agreement; or

(ii) provided that the Company is not then in breach of the Arrangement Agreement that would give rise to a right of termination by the Purchaser pursuant to the Arrangement Agreement, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or the Purchaser set forth in the Arrangement Agreement shall have occurred that would cause any of the conditions set forth in Section 6.1 or Section 6.3 of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured by the earlier of:

(A) the date that is 20 days following the Company's delivery of notice of such breach; and

(B) the Outside Date,

such that if determined on such date any of the conditions set forth in Section 6.1 or Section 6.3 of the Arrangement Agreement would not be satisfied.

In the event of the termination of the Arrangement Agreement in the circumstances set out above, the Arrangement Agreement shall forthwith become void and be of no further force or effect and no Party shall have any liability or further obligation to the other hereunder, except that the provisions of Section 8.3, Sections 2.4(g), 2.4(h), 5.3, 8.2, 10.1, 10.2, 10.3, 10.5, 10.6, 10.7, 10.8 and Article 9 of the Arrangement Agreement, shall survive such termination.

Break Fee and Reserve Break Fee

Pursuant to Section 8.2 of the Arrangement Agreement:

(a) If a Break Fee Event occurs, the Company shall pay in cash as directed by the Purchaser in writing (by wire transfer of immediately available funds) the Break Fee in accordance with Section 8.2(d) of the Arrangement Agreement, and if a Reverse Break Fee Event occurs, the Purchaser shall pay in cash as directed by the Company in writing (by wire transfer of immediately available funds) the Reverse Break Fee in accordance with Section 8.2(h) of the Arrangement Agreement;

(b) For the purposes of the Arrangement Agreement, "**Break Fee**" means an amount equal to $5,000,000 and "**Break Fee Event**" means:

(i) the termination of the Arrangement Agreement by the Purchaser pursuant to Section 8.1(c)(i) or Section 8.1 (c)(ii) of the Arrangement Agreement; or

(ii) the termination of the Arrangement Agreement by the Company pursuant to Section 8.1(d)(i) of the Arrangement Agreement;

(iii) the failure of the Arrangement Resolution to obtain the Twin Butte Securityholder Approval at the Meeting where an Acquisition Proposal is made or announced (whether privately or otherwise) prior to or at the end of the Meeting and such Acquisition Proposal is completed on or prior to the date that is six months from the date of termination of the Arrangement Agreement by the Purchaser or the Company pursuant to Section 8.1(b)(ii) of the Arrangement Agreement; or

(iv) prior to the date of the Meeting, the Company or any of the Company Representatives have breached Section 3.4 of the Arrangement Agreement and the Arrangement Resolution is not approved at the Meeting in the manner required by the Interim Order.

(c) If a Break Fee Event occurs in circumstances described in Section 8.2(c) of the Arrangement Agreement:

(i) other than as set out in Section 8.1(c)(i)(F) of the Arrangement Agreement, the Break Fee shall be paid within five Business Days of the occurrence of such Break Fee Event; or

(ii) in the circumstances set out in Section 8.1(c)(i)(F) of the Arrangement Agreement, the Break Fee shall be paid within five Business Days of the determination of the Twin Butte Board to enter into such a written agreement and prior to the Company entering into such agreement.

(d) If the Company fails to pay the Break Fee when due under the Arrangement Agreement, and, in order to obtain such payment, the Purchaser commences a suit that results in a judgement against the Company for such amount, the Company shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by the Purchaser in connection with such suit.

(e) If the Company pays to the Purchaser the Break Fee as a result of the occurrence of any of the Break Fee Events then the Purchaser shall have no other remedy with respect to the occurrence of such event (subject to Section 8.2(e) of the Arrangement Agreement); provided, however, that this limitation shall not apply in the event of fraud or willful breach of the Arrangement Agreement by the Company. For greater certainty, the Company shall not be required to pay the Break Fee more than once.

(f) For purposes of the Arrangement Agreement, "**Reverse Break Fee**" means an amount equal to $5,000,000 and "**Reverse Break Fee Event**" means the termination of the Arrangement Agreement:

(i) by the Purchaser pursuant to Section 8.1(c)(iv) of the Arrangement Agreement; or

(ii) by the Company pursuant to Section 8.1(d)(ii) of the Arrangement Agreement.

(g) If a Reverse Break Fee Event occurs the Reverse Break Fee shall be paid within five Business Days of the occurrence of such Reverse Break Fee Event.

(h) If the Purchaser fails to pay the Reverse Break Fee when due hereunder, and, in order to obtain such payment, the Company commences a suit that results in a judgment against the Purchaser for such amount, the Purchaser shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by the Company in connection with such suit.

(i) If the Purchaser pays to the Company the Reverse Break Fee as a result of the occurrence of the Reverse Break Fee Event then the Company shall have no other remedy with respect to the occurrence of such event (subject to Section 8.2(i) of the Arrangement Agreement); provided, however, that this limitation shall not apply in the event of fraud or willful breach of the Arrangement Agreement by the Purchaser. For greater certainty, the Purchaser shall not be required to pay the Reverse Break Fee more than once.

(j) Each Party acknowledges that the agreements contained in Section 8.2 of the Arrangement Agreement are an integral part of the Transaction and that, without those agreements, the other Party would not enter into the Arrangement Agreement. Each Party acknowledges that the Break Fee and Reverse Break Fee, as applicable, set out in Section 8.2 of the Arrangement Agreement is a payment of liquidated damages which are a genuine pre-estimate of the damages that the Purchaser and the Company, respectively, will suffer or incur as a result of the event giving rise to such payment and the resultant termination of the Arrangement Agreement and is not a penalty. Each Party irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

Amendments

Arrangement Agreement

The Arrangement Agreement may at any time and from time to time be amended by the mutual written agreement of the Parties. The Plan of Arrangement may, at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time, be amended by the mutual written agreement of the Parties, subject to the Interim Order, the Final Order and Applicable Laws.

Plan of Arrangement

Twin Butte and the Purchaser may amend, modify and/or supplement the Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is: (i) set out in writing; (ii) approved in writing in advance by the Company and the Purchaser; (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to Twin Butte Securityholders if and as required by the Court.

Any amendment, modification and/or supplement to the Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to or at the Meeting (provided that the other party shall have consented in writing prior thereto) with or without any other prior notice or communication and, if so proposed and accepted, in the manner contemplated and to the extent required by the Arrangement Agreement, by the Shareholders and, if such amendment, modification and/or supplement affects Twin Butte Debentureholders, Twin Butte Debentureholders (in each case, other than as may be required under the Interim Order), shall become part of the Plan of Arrangement for all purposes.

Any amendment, modification and/or supplement to the Plan of Arrangement which is approved or directed by the Court following the Meeting and prior to the Effective Time shall be effective only: (i) if it is consented to in writing by the Company and the Purchaser, each acting reasonably; and (ii) if required by the Court, it is consented to by Shareholders and, if it affects Twin Butte Debentureholders, Twin Butte Debentureholders, in each case voting in the manner directed by the Court.

Forbearance Agreement

On June 23, 2016, Twin Butte failed to repay all outstanding indebtedness under the Non-Revolving Facility on its maturity and Twin Butte and the Lenders entered into the Forbearance Agreement, pursuant to which, among other things, the Lenders agreed to forbear from exercising their rights and remedies relating to the Credit Agreement Defaults until the Lenders Outside Date and agreed to extend the revolving period of the Company's $140 million revolving credit facility to the Lenders Outside Date. The Forbearance Agreement also restricts any amendment to the Arrangement Agreement or the Plan of Arrangement without the prior written consent of all Lenders.

The credit facilities under the Credit Agreement are comprised of a revolving facility in the amount of $140 million (consisting of a $115 million revolving syndicated facility and a $25 million operating facility) and the $85 million Non-Revolving Facility, however the availability under the Credit Agreement continues to be restricted to $219 million under the Forbearance Agreement.

The New Credit Facility will be effective on the Effective Date, provided the Effective Date occurs on or prior to the Lenders Outside Date.

See "*The Arrangement – Effect of the Arrangement on Twin Butte Debentureholders – Effect of the Credit Agreement Defaults on the Debentures and the Debenture Indenture*" and "*Risk Factors*".

Twin Butte Securityholder Approval

At the Meeting, Twin Butte Securityholders will be asked to approve the Arrangement Resolution. The full text of the Arrangement Resolution is set forth in Appendix A to the Information Circular and must be approved by: (i) not less than 66 2/3% of the votes cast by the Twin Butte Shareholders present in person or represented by proxy at the Meeting; (ii) by a simple majority of the votes cast by Twin Butte Shareholders, excluding votes cast by certain officers and directors of Twin Butte and certain persons whose votes may not be included in determining minority approval of a business combination pursuant to MI 61-101; and (iii) not less than 66 2/3% of the principal amount of the Debentures held by the Twin Butte Debentureholders present in person or represented by proxy at the Meeting and voted upon the Arrangement Resolution. The Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities.

The receipt of Twin Butte Shareholder Approval and the Twin Butte Debentureholder Approval is a mutual condition precedent to the completion of the Arrangement of Twin Butte and the Purchaser which is required in order for the Arrangement to proceed.

If the Twin Butte Shareholder Approval and/or Twin Butte Debentureholder Approval is not obtained at the Meeting in accordance with the terms of the Arrangement Agreement and the Interim Order, the Purchaser (and the Company) has a right to terminate the Arrangement Agreement. In such a circumstance, Twin Butte would not be entitled to the Reverse Break Fee.

Given the current commodity price environment and Twin Butte's current financial position, Twin Butte believes that it is critical that Twin Butte Securityholders vote in favour of the Arrangement Resolution.

Twin Butte Shareholder Approval and Twin Butte Debentureholder Approval are conditions to the completion of the Arrangement and therefore, failure to receive Twin Butte Shareholder Approval and Twin Butte Debentureholder Approval may result in an event of default under the Credit Agreement. In that case, unless waived by the Lenders, such event of default would further result in, among other matters, an immediate requirement to repay all indebtedness owing by Twin Butte under the Credit Agreement. Additionally, the Purchaser would have the right to terminate the Arrangement Agreement without payment of the Reverse Break Fee. See "*The Arrangement – Effect of the Arrangement on Twin Butte Debentureholders – Effect of the Credit Agreement Defaults on the Debentures and the Debenture Indenture*" and "*Risk Factors*".

Support Agreements

The Supporting Securityholders have entered into the Support Agreements pursuant to which they have agreed to vote approximately 3.9% of the issued and outstanding Shares (on a non-diluted basis) and approximately 0.08% of the outstanding Debentures in favour of the Arrangement Resolution.

The Support Agreements will terminate on the earlier of: (a) the mutual written consent of the Purchaser and the Supporting Securityholder to the termination of the Support Agreement; (b) the termination of the Arrangement Agreement in accordance with its terms; (c) receipt by the Purchaser of written notice of termination by the Supporting Securityholder if: (i) any representation or warranty of the Purchaser under the Support Agreement is untrue or incorrect in any material respect; (ii) the Purchaser has not complied in all material respects with its covenants in Section 5 of the Support Agreement (subject to a cure period); (iii) without the prior written consent of the Supporting Securityholder, there is any decrease in the Share Consideration or Debenture Consideration (in the case that the Supporting Securityholder is a Twin Butte Debentureholder); or (iv) without the prior written consent of the Supporting Securityholder, the terms of the Arrangement Agreement have been varied in a manner that is adverse to the Supporting Securityholder in a material respect; provided in each case that at the time of termination the Supporting Securityholder is not in material default under the Support Agreement; (d) receipt by the Supporting Securityholder of written notice of termination by the Purchaser if: (i) any representation or warranty of the Supporting Securityholder under the Support Agreement is untrue or incorrect in any material respect; or (ii) the Supporting Securityholder has not complied in all material respects with its covenants under the Support Agreement; provided in each case that at the time of termination the Purchaser is not in material default under the Support Agreement; (e) the Effective Time; or (f) the Outside Date.

Court Approval of the Arrangement and Completion of the Arrangement

The Arrangement requires approval by the Court under Section 193 of the ABCA. Prior to the mailing of this Information Circular, Twin Butte obtained the Interim Order providing for the calling and holding of the 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, following the approval of the Arrangement Resolution by Twin Butte Securityholders, Twin Butte will make an application to the Court for the Final Order. An application for the Final Order approving the Arrangement is expected to be made on August 11, 2016 at 10:00 a.m. (Calgary time) at the Calgary Courts Centre, 601 – 5th Street S.W., Calgary, Alberta. In accordance with the Interim Order, should the Court adjourn the hearing to a later date, notice of the later date will be given to those who have filed and delivered an appearance in accordance with the Interim Order. Any Twin Butte Securityholder or other interested party desiring to appear and make submissions at the application for the Final Order is required to file with the Court and serve upon Twin Butte, on or before 4:00 p.m. (Calgary time) on August 3, 2016 (or the business day that is five business days prior to the date of the Meeting if it is not held on August 10, 2016), a notice of intention to appear including the interested party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such interested party intends to support or oppose the application or make submissions at the application, together with a summary of the position such interested party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Company shall be effected by service upon the solicitors for Twin Butte c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, facsimile: (403) 260-0332, Attention: Frederick Davidson. On the application for the Final Order, the Court will consider, among other things, the fairness of the Arrangement. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

Assuming that the Final Order is granted and the other conditions in the Arrangement Agreement are satisfied or waived, the Articles of Arrangement will be filed with the Registrar under the ABCA to give effect to the Arrangement and the various other documents necessary to consummate the transactions contemplated under the Arrangement Agreement will be executed and delivered.

Pursuant to Section 193(12) of the ABCA, the Arrangement becomes effective on the date the Articles of Arrangement are filed.

Regulatory Matters

Investment Canada Approval

The Purchaser is a "non-Canadian" within the meaning of the Investment Canada Act. The direct acquisition of control of a Canadian business by a non-Canadian is either reviewable or notifiable depending on whether the applicable financial thresholds prescribed under Part IV of the Investment Canada Act have been exceeded. A reviewable transaction (which has exceeded the applicable thresholds) cannot be implemented unless the Minister is satisfied or is deemed to be satisfied that the transaction is likely to be of net benefit to Canada (an "**ICA Reviewable Transaction**"). In the case of a notifiable transaction (which is under the applicable thresholds), the non-Canadian purchaser must submit a notification (an "**ICA Notification**") at any time prior to the implementation of the Arrangement or within 30 days thereafter (an "**ICA Notifiable Transaction**").

Under Part IV.1 of the Investment Canada Act, certain investments by non-Canadians, whether they are ICA Reviewable Transactions or ICA Notifiable Transactions, can be subject to a national security review on grounds that the investment could be injurious to national security. In either case, the Minister has 45 days from the date the filing has been certified complete (the "**prescribed period**") to issue a notice to a non-Canadian that its proposed investment may be subject to national security review. Where such a notice has been received and closing has not occurred, a non-Canadian purchaser cannot complete its investment until it has received: (a) a notice from the Minister that no order for a review will be made; (b) a notice from the Minister that an order for a national security review has been completed and no further action will be taken; or (c) a notice from the Minister that the investment is authorized to be implemented with or without conditions or subject to undertakings. Where such a notice has been received and the proposed investment has been implemented, the non-Canadian purchaser may be required to provide written undertakings relating to the proposed investment, abide by certain terms and conditions, or even divest control of the Canadian business or of their investment in the Canadian entity.

If a national security review is launched the entire review period can take up to 200 days.

The Arrangement is an ICA Notifiable Transaction. An ICA Notification was filed prior to the date of this Information Circular to commence the prescribed period.

Competition Act Approval

Part IX of the Competition Act requires that the parties to certain classes of transactions provide prescribed information to the Commissioner where the applicable thresholds set out in sections 109 and 110 of the Competition Act are exceeded and no exemption applies ("**Notifiable Transaction**").

Parties to a Notifiable Transaction must obtain Competition Act Approval prior to closing the proposed transaction by either: (i) filing a request for an advance ruling certificate ("**ARC**") with the Commissioner pursuant to Section 102 of the Competition Act (an "**ARC Request**"); or (ii) submitting a notification under Section 114 of the Competition Act (a "**Notification**").

The service standards for an ARC Request vary depending on whether the transaction is classified as "non complex" or "complex". For non-complex transactions the service standard period is 14 days and for complex transactions, the service standard period is 45 days. The waiting period for a Notification is 30 days after the day on which the parties to the Notifiable Transaction have both submitted their respective Notifications. The parties are entitled under the Competition Act to complete their Notifiable Transaction at the end of the 30 day notification period, unless the Commissioner notifies the parties, pursuant to Subsection 114(2) of the Competition Act, that the Commissioner requires additional information that is relevant to the Commissioner's assessment of the Notifiable Transaction in the form of a supplementary information request (a "**SIR**"). In the event that the Commissioner provides the parties with a SIR, the Notifiable Transaction cannot be completed until 30 days after compliance with such SIR, provided that there is no order issued by the Competition Tribunal in effect prohibiting completion at the relevant time.

A Notifiable Transaction may be completed before the end of the applicable waiting period for a Notification if the Commissioner issues an ARC or notifies the parties that he does not, at that time, intend to challenge the transaction by making an application under section 92 of the Competition Act (a "**No Action Letter**"). Upon the issuance of an ARC or a No Action Letter, the parties to a Notifiable Transaction are legally entitled to complete their transaction.

Whether or not a transaction is a Notifiable Transaction, the Commissioner can apply to the Competition Tribunal for a remedial order under section 92 of the Competition Act at any time before the merger has been completed or, if completed, within one year after it was substantially completed, provided that, subject to certain exceptions, the Commissioner did not issue an ARC in respect of the merger. On application by the Commissioner under section 92 of the Competition Act, the Competition Tribunal may, where it finds that the merger prevents or lessens, or is likely to prevent or lessen, competition substantially, order that the merger not proceed or, if completed, order its dissolution or the disposition of the assets or shares acquired; in addition to, or in lieu thereof, with the consent of the person against whom the order is directed and the Commissioner, the Competition Tribunal may order a person to take any other action. The Competition Tribunal is prohibited from issuing a remedial order where it finds that the merger or proposed merger has brought or is likely to bring about gains in efficiency that will be greater than, and will offset, the effects of any prevention or lessening of competition that will result or is likely to result from the merger and that the gains in efficiency would not likely be attained if the order were made.

The Arrangement is a Notifiable Transaction. The Parties expect to jointly file an ARC Request shortly after the date of this Information Circular to commence the Commissioner's review of the Arrangement.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Twin Butte Board with respect to the Arrangement, Twin Butte Securityholders should be aware that certain executive officers of Twin Butte and the Twin Butte Board have interests that are, or may be, different from, or in addition to, the interests of other Twin Butte Securityholders. The Twin Butte Board is aware of these interests and considered them along with the other matters described above in "*The Arrangement – Background to the Arrangement*" and "*The Arrangement – Reasons For and Anticipated Benefits of the Arrangement*". These interests include those described below.

Shares

As at the Agreement Date, the directors and executive officers of Twin Butte owned an aggregate of 13,799,174 Shares (excluding Shares underlying unexercised Options and Incentive Awards). Pursuant to the Support Agreements, the directors and executive officers of Twin Butte agreed with the Purchaser to vote such Shares in favour of the Arrangement Resolution.

All of the Shares held by the directors and executive officers of Twin Butte will be treated in the same fashion under the Arrangement as Shares held by any other Twin Butte Shareholder. If the Arrangement is completed, the directors and executive officers of Twin Butte will receive, in exchange for such Shares, an aggregate of approximately $827,950.

Debentures

As at the Agreement Date, other than R. Alan Steele, Vice-President, Finance, Chief Financial Officer and Corporate Secretary of the Company, who owns and controls $72,000 principal amount of Debentures, none of the directors or executive officers of Twin Butte owned any Debentures. Pursuant to the Support Agreements, the directors and executive officers of Twin Butte agreed with the Purchaser to vote such Debentures in favour of the Arrangement Resolution.

All of the Debentures held by the executive officer of Twin Butte will be treated in the same fashion under the Arrangement as Debentures held by any other Twin Butte Debentureholder. If the Arrangement is completed, the executive officer of Twin Butte (being R. Alan Steele) will receive, in exchange for such Debentures (not including any accrued and unpaid interest), an aggregate of approximately $10,080.

Options and Incentive Awards

As at the Agreement Date, none of the directors and executive officers of Twin Butte held any Options and the directors and executive officers of Twin Butte held an aggregate of 5,257,811 Restricted Awards (1,816,911 of which were vested and exercisable as of that date and 3,440,900 of which were unvested and not exercisable as of that date) and 2,723,329 Performance Awards (823,399 of which were vested and exercisable as of that date and 1,899,930 of which were unvested and not exercisable as of that date).

Pursuant to the Option Plan and Incentive Plan, all outstanding and unvested Options (if any) and Incentive Awards, as applicable, will vest immediately prior to Effective Time. See "*The Arrangement – Effect of the Arrangement on Options and Restricted Awards*".

Continuing Directors and Officers Insurance

The Purchaser has agreed to maintain or cause to be maintained in effect for six years from the Effective Time, customary policies of directors' and officers' liability insurance providing coverage comparable to, and in any case no less advantageous to the directors and officers of Twin Butte than, the coverage provided by the directors' and officers' policies obtained by Twin Butte that are in effect immediately prior to the Effective Time and providing coverage to the current and former directors and officers of Twin Butte in respect of claims arising from facts or events that occurred on or prior to the Effective Time and which will cover all claims made prior to the Effective Date or within six years of the Effective Date.

Prior to the Effective Time, Twin Butte may, in the alternative, with the consent of the Purchaser, purchase run off directors' and officers' liability insurance for the benefit of its officers and directors having a coverage period of up to six years from the Effective Time.

Employment Agreements

Twin Butte has entered into Employment Agreements with each of the Company Executives being Robert Wollmann (President and Chief Executive Officer); R. Alan Steele (Vice President, Finance, Chief Financial Officer and Corporate Secretary), David W. Middleton (Chief Operating Officer); Claude Gamache (Vice-President, Geosciences) and Gordon Howe (Vice President, Land). The Employment Agreements for the Company Executives may be terminated at any time for just cause (in which instance there are no payments other than accrued compensation) and without just cause (including constructive dismissal). If the employment of any of the Company Executives is terminated without just cause (including constructive dismissal) each such person in such circumstances is, in addition to accrued compensation, entitled to a retiring allowance equal to one times his annual base salary, a twenty percent top-up for loss of benefits, perquisites and savings plan, and one times the average of the cash bonuses paid during the two prior years. In the event of a change of control (as defined in the Employment Agreements with the Company Executives), R. Alan Steele has the right for a period of 90 days thereafter to elect to terminate his Employment Agreement and his employment (by providing the Company with two week's advance written notice), and in such circumstances obtain a retiring allowance payment calculated on the same basis as if employment had been terminated by the Company without just cause. In the event of a change of control (as defined in the Employment Agreements with the Company Executives), Messrs. Wollmann, Middleton, Gamache and Howe have an election to terminate their respective Employment Agreement and employment if there is good reason (an adverse change in any of their duties, powers, rights, discretions, salary, title, or lines of employment such that immediately after such change or changes the executive's responsibilities and status taken as a whole are not substantially equivalent to those prior to the change or changes) and to receive the retiring allowance payment calculated on the same basis as if employment had been terminated by the Company without just cause.

Concurrent with (and as a condition to closing of the Arrangement) each of such individuals will enter into amended and restated executive employment agreements (to be effective on the Effective Date) containing terms established by the Purchaser in form and substance satisfactory to the Purchaser.

See "*The Arrangement – Interests of Certain Persons in the Arrangement – Cash Payments to Directors and Executive Officers of Twin Butte*", "*The Arrangement – Canadian Securities Laws Matters – MI 61-101*", and

"*Appendix F – Statement of Executive Compensation in the Form of Form 51-102F6 – Statement of Executive Compensation - Termination and Change of Control Benefits*".

Cash Payments to Directors and Executive Officers of Twin Butte

The table below sets out for each director and executive officer of Twin Butte, based on certain assumptions: (i) the number of Shares and the percentage of the outstanding Shares owned or controlled; (ii) the principal amount of Debentures and the percentage of outstanding Debentures owned or controlled; (iii) the amount of cash payable pursuant to the Arrangement for Incentive Awards as a result of the accelerated vesting of such Incentive Awards that will occur pursuant to the terms of the Incentive Plan as a result of the Arrangement; and (iv) in the case of the executive officers of Twin Butte, the amount of cash to be paid to such individuals in the event of the termination of such individual's Employment Agreement with Twin Butte.

Name, Municipality and Position	Number of Shares held / % of outstanding Shares[(1)(3)]	Principal Amount of Debentures held /% of principal amount of Debentures	Consideration to be Received under the Arrangement with respect to Incentive Awards for which vesting will be accelerated prior to the Effective Date as a result of the Arrangement	Cash Payment to be made pursuant to Employment Agreement[(2)]
James Saunders Alberta, Canada Executive Chairman	7,545,422 (1.99%)	-	$40,778	Nil
John A. Brussa Alberta, Canada Director	1,167,764 (0.31%)	-	$7,017	Nil
R. James Brown Alberta, Canada Director	693,041 (0.18%)	-	$7,016	Nil
David M. Fitzpatrick Alberta, Canada Director	612,899 (0.16%)	-	$7,017	Nil
Thomas Greschner Alberta, Canada Director	811,053 (0.21%)	-	$7,016	Nil
Warren D. Steckley Alberta, Canada Director	599,518 (0.16%)	-	$7,016	Nil
William A. Trickett Alberta, Canada Director	474,491 (0.13%)	-	$7,016	Nil
Robert Wollmann Alberta, Canada President and Chief Executive Officer	2,288,864 (0.60%)	-	$41,775	$235,755
David W. Middleton Alberta, Canada Chief Operating Officer	2,207,637 (0.58%)	-	$40,436	$228,060
R. Alan Steele Alberta, Canada Vice President, Finance, Chief Financial Officer and Corporate Secretary	2,903,591 (0.77%)	$72,000 (0.085%)	$39,484	$228,160

Name, Municipality and Position	Number of Shares held / % of outstanding Shares[(1)(3)]	Principal Amount of Debentures held /% of principal amount of Debentures	Consideration to be Received under the Arrangement with respect to Incentive Awards for which vesting will be accelerated prior to the Effective Date as a result of the Arrangement	Cash Payment to be made pursuant to Employment Agreement[(2)]
Claude Gamache Alberta, Canada Vice President, Geosciences	1,472,989 (0.39%)	-	$25,137	$164,260
Gordon Howe Alberta, Canada Vice President, Land	1,003,045 (0.26%)	-	$24,199	$159,130
Total:	**21,780,314 (5.75%)**	**$72,000 (0.085%)**	**$253,906**	**$1,015,265**

Notes:

(1) After giving effect to the issuance of Shares pursuant to the Incentive Awards.

(2) Pursuant to the terms of the Arrangement Agreement, each of Company Executives (being Robert Wollmann, R. Alan Steele, David W. Middleton, Claude Gamache and Gordon Howe) will receive certain payments as a result of the amendment and restatement of their Employment Agreements in connection with the Arrangement. See "*The Arrangement – Canadian Securities Laws Matters – MI 61-101"*. In addition to these payments, such persons may also be entitled to certain retention payments, in the event they continue in their roles on certain future dates.

(3) No director or executive officer of Twin Butte currently holds any Options.

Procedure for Exchange of Certificates by Twin Butte Shareholders and Twin Butte Debentureholders

Enclosed with this Information Circular are forms of Letters of Transmittal which, when properly completed and duly executed and returned together with the certificate or certificates representing Shares or Debentures, as applicable, and all other required documents, will enable each Twin Butte Shareholder (other than Dissenting Shareholders) and Twin Butte Debentureholder to obtain the Share Consideration or the Debenture Consideration, as applicable, that such holder is entitled to receive under the Arrangement.

The forms of Letters of Transmittal contain instructions on how to exchange the certificate(s) representing your Shares or Debentures, as applicable, for the Share Consideration or the Debenture Consideration, as applicable, under the Arrangement. You will not receive your Share Consideration or Debenture Consideration, as applicable, under the Arrangement until after the Arrangement is completed and you have returned your properly completed documents, including the applicable Letter of Transmittal, the certificate(s) representing your Shares or Debentures and any other required documentation, to the Depositary.

Only registered Twin Butte Shareholders and registered Twin Butte Debentureholders are required to submit a Letter of Transmittal. **If you are a Beneficial Twin Butte Securityholder holding your Shares or Debentures, as applicable, through an Intermediary, you should contact that Intermediary for instructions and assistance in depositing certificates representing your Shares or Debentures and any other required documentation, as applicable, and carefully follow any instructions provided to you by such Intermediary.**

From and after the Effective Time, all certificates that represented Shares immediately prior to the Effective Time will cease to represent any rights with respect to Shares and will only represent the right to receive the Share Consideration or, in the case of Dissenting Shareholders, the right to receive fair value for their Shares.

From and after the Effective Time, all certificates that represented Debentures immediately prior to the Effective Time will cease to represent any rights with respect to such Debentures and will only represent the right to receive the Debenture Consideration, provided that the Twin Butte Debentureholder Approval is obtained at the Meeting.

A cheque in the amount payable to the former Twin Butte Shareholder or Twin Butte Debentureholder who has complied with the procedures set forth above will, as soon as practicable after the Effective Date: (i) be forwarded to the holder at the address specified in the Letter of Transmittal by insured first class mail; or (ii) be made available at

the offices of the Depositary for pick-up by the holder as requested by the holder in the Letter of Transmittal. Under no circumstances will interest accrue or be paid by the Purchaser, the Acquiror, Twin Butte or the Depositary to persons depositing Shares for the Share Consideration or Debentures for the Debenture Consideration regardless of any delay in making such payment.

Any use of mail to transmit certificate(s) representing Shares or Debentures, as applicable, and the Letter of Transmittal is at each holder's risk. Twin Butte recommends that such certificate(s) and other documents be delivered by hand to the Depositary and a receipt therefore be obtained or that registered mail be used (with proper acknowledgment) and appropriate insurance be obtained.

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Securities has been lost, stolen or destroyed, the Twin Butte Shareholder or Twin Butte Debentureholder should contact the Depositary and upon the making of an affidavit of that fact by the Twin Butte Shareholder or Twin Butte Debentureholder, as applicable, claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the consideration to which the holder is entitled pursuant to the Plan of Arrangement. When authorizing such delivery in exchange for any lost, stolen or destroyed certificate, the Twin Butte Shareholder or Twin Butte Debentureholder to whom such consideration is to be issued and delivered shall, as a condition precedent to the delivery of such consideration, give a bond satisfactory to the Depositary, Twin Butte, the Acquiror and the Purchaser, each acting reasonably, or otherwise indemnify the Depositary, Twin Butte, the Acquiror and the Purchaser in a manner satisfactory to the Depositary, Twin Butte, the Acquiror and the Purchaser, each acting reasonably, against any claim that may be made against the Depositary, Twin Butte, the Acquiror or the Purchaser with respect to the certificate alleged to have been lost, stolen or destroyed. See also the instructions in the Letters of Transmittal.

Failure to Deposit Certificates

Subject to any applicable laws relating to unclaimed personal property, any certificate formerly representing Shares or Debentures that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive the cash payment under the Plan of Arrangement that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a former holder of Shares or Debentures, as applicable, to receive the consideration for such Shares or Debentures, as applicable pursuant to the Plan of Arrangement (and any interest, dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to the Acquiror, for no consideration. In such case, any cash (including any interest, dividends or other distributions) shall be returned to the Purchaser.

Stock Exchange Listings

Shares

It is intended that the Shares will be delisted from the TSX approximately two to three Business Days after the Effective Date.

The closing price per share of the Shares on June 23, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement was $0.06, and on July 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price per share of the Shares was $0.05.

Price Range and Volume of Trading of Shares

Period	High, $	Low, $	Volume
2016			
January	0.095	0.055	35,382,092
February	0.130	0.060	32,755,669
March	0.170	0.080	77,332,577
April	0.125	0.085	45,211,730

May	0.115	0.060	31,619,941
June	0.110	0.035	112,145,744
July (1 - 8)	0.055	0.045	8,892,068
2015			
December	0.220	0.080	59,488,877
November	0.320	0.215	25,333,191
October	0.355	0.280	17,605,473
September	0.395	0.290	18,549,308
August	0.460	0.250	22,678,023
July	0.730	0.390	28,846,866
June	0.780	0.700	12,472,950

Debentures

It is intended, provided the Debentures are acquired pursuant to the Arrangement, that the Debentures will be delisted from the TSX, approximately two to three Business Days after the Effective Date.

The closing price of the Debentures on June 23, 2016, the last full trading day on the TSX before the public announcement of the proposed Arrangement was $10.75 for each $100 principal amount of Debenture, and on July 8, 2016, the last full trading day on the TSX before the date of this Information Circular, the closing price of the Debentures was $15.01 for each $100 principal amount of Debenture.

Price Range and Volume of Trading of Debentures (per $100 principal amount of Debentures)

Period	High, $	Low, $	Volume
2016			
January	25.50	12.60	34,010
February	13.76	8.00	49,720
March	22.75	11.06	62,800
April	17.98	13.68	40,150
May	16.50	8.26	38,650
June	17.75	5.55	100,100
July (1 - 8)	15.25	14.50	14,480
2015			
December	40.01	15.00	51,090
November	56.00	41.18	12,910
October	59.94	48.00	10,600
September	52.50	47.00	11,830
August	60.00	47.20	6,720
July	79.83	58.00	10,260
June	80.19	77.45	5,390

Canadian Securities Law Matters

MI 61-101

Twin Butte is a reporting issuer (or its equivalent) in all provinces of Canada and accordingly is subject to the Applicable Canadian Securities Laws of such provinces that have adopted MI 61-101, being Ontario and Quebec.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among securityholders, generally requiring enhanced disclosure, approval by a majority of securityholders 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" that terminate the interests of securityholders without their consent.

The Arrangement would be considered a "business combination" if any related party receives a "collateral benefit" (as defined in MI 61-101) in connection with the Arrangement. If the Arrangement constitutes a "business combination" for the purposes of MI 61-101, MI 61-101 would ordinarily require that the Arrangement Resolution be approved by a majority of the minority Twin Butte Securityholders. In determining minority approval for a business combination, Twin Butte would be required to exclude the votes attached to Shares and/or Debentures that, to the knowledge of Twin Butte and its directors and officers after reasonable inquiry, are beneficially owned or over which control or direction is exercised by all "interested parties" and their "related parties" and "joint actors" all as defined in MI 61-101.

Each of the directors and executive officers of Twin Butte hold Shares and Incentive Awards. Also, R. Alan Steele, Vice-President, Finance, Chief Financial Officer and Corporate Secretary of the Company owns Debentures. No director or executive officer of Twin Butte currently hold any Options. Pursuant to the Incentive Plan, all outstanding and unvested Incentive Awards will vest immediately prior to Effective Time and holders of any Incentive Awards that are outstanding immediately prior to the Effective Time will receive that number of Shares to which the holder is entitled to receive upon the vesting of such Incentive Awards in accordance with their terms. In addition, executive officers of Twin Butte will receive certain payments as a result of the amendment and restatement of their Employment Agreements in connection with the Arrangement, the entering into of such amended and restated employment agreements by the executive officers with the Company to be effective as of the Effective Date being a condition of closing under the Arrangement Agreement. The payment to be made to directors and executive officers in connection with the vesting of Incentive Awards under the Incentive Plan as a result of the Arrangement and the receipt of payments as a result of the amendment and restatement of their Employment Agreements in connection with the Arrangement by executive officers of Twin Butte may be considered to be "collateral benefits" received by the applicable directors and executive officers of Twin Butte for the purposes of MI 61-101. See "*The Arrangement – Interests of Certain Persons in the Arrangement*".

MI 61-101 expressly excludes benefits from being "collateral benefits" if such benefits are received solely in connection with the related party's services as an employee, director or consultant under certain circumstances, including where the related party beneficially owns or exercises control or direction over less than 1% of the outstanding securities of each class of "equity securities" (as defined in MI 61-101) at the time the Arrangement was agreed to and: (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the transaction; (ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the transaction in any manner; and (iii) full particulars of the benefit are disclosed in the disclosure document for the transaction.

Except as set forth below, each of the directors and executive officers of Twin Butte and their respective associated entities beneficially own, or exercise control or direction over, less than 1% of the outstanding Shares and Debentures (as the case may be). Accordingly, such directors and officers of Twin Butte will not be considered to have received a "collateral benefit" under MI 61-101 as a result of the accelerated vesting of their Incentive Awards and/or receipt of applicable payments as a result of the amendment and restatement of the employment agreements of the executive officers.

Mr. James Saunders, Executive Chairman of Twin Butte, beneficially owns, or exercises control or direction over, 6,309,780 Shares (not including any Shares issuable pursuant to any Incentive Awards), or greater than 1% of the outstanding Shares. The accelerated vesting of Incentive Awards held by Mr. Saunders will be considered to be a "collateral benefit" under MI 61-101 as the value of the applicable benefits, net of offsetting costs, to Mr. Saunders would be more than 5% of the value of the consideration to be received by Mr. Saunders pursuant to the Arrangement in exchange for the Shares beneficially owned by him. As a result, the votes attaching to Shares beneficially owned, or over which control or direction is exercised, by Mr. Saunders will be excluded in determining whether minority Twin Butte Shareholder Approval of the Arrangement Resolution has been obtained.

No formal valuation is required in respect of the Arrangement under MI 61-101, as no "interested party" (as defined in MI 61-101), whether alone or with joint actors, would, as a consequence of the Arrangement, directly or indirectly, acquire Twin Butte and no interested party is a party to any connected transaction of the Arrangement for which Twin Butte is required to obtain a formal valuation.

See "*The Arrangement – Interests of Certain Persons in the Arrangement*" for detailed information regarding the benefits and other payments to be received by each of the officers and directors in connection with the Arrangement.

Judicial Developments

The Plan of Arrangement will be implemented pursuant to Section 193 of the ABCA which provides that, where it is impracticable for a corporation to effect an arrangement under any other provisions of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by Twin Butte for approval of the Arrangement. Although there have been a number of judicial decisions considering this section and applications to various arrangements, there have not been, to the knowledge Twin Butte, any recent significant decisions which would apply in this instance. **Twin Butte Securityholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement**.

RISK FACTORS

In assessing the Arrangement, Twin Butte Securityholders should carefully consider the risks described below.

Twin Butte's Status under the Credit Agreement

The Company is required to comply with covenants under the Credit Agreement which may, in certain cases, include certain financial ratio tests, which from time to time either affect the availability, or price, of additional funding and in the event that the Company does not comply with these covenants, repayment could be required. Events beyond the Company's control may contribute to the failure of the Company to comply with its covenants and the occurrence of other events also beyond the Company's control could result in an event of default under the Credit Agreement.

On June 23, 2016, Twin Butte failed to repay all outstanding indebtedness under the Non-Revolving Facility on its maturity and the Lenders entered into the Forbearance Agreement, pursuant to which the Lenders agreed to forbear from exercising their rights and remedies arising as a result of the Credit Agreement Defaults until the Lenders Outside Date and agreed to extend the revolving period of the Twin Butte's revolving credit facility to the Lenders Outside Date. Pursuant to the subordination terms of the Debenture Indenture, the Company is restricted from making any payment of interest on the outstanding Debentures while it is in default under the Credit Agreement. As a result, the semi-annual interest payment on the Debentures which is payable June 30, 2016 will be required to be deferred. The unpaid interest on the Debentures will accrue, however, and provided the Debentures are acquired by the Acquiror pursuant to the Arrangement, Twin Butte Debentureholders will receive as part of the Debenture Consideration for Debentures acquired pursuant to the Arrangement, accrued and unpaid interest up to but excluding the Effective Date, including the Deferred Debenture Interest. The Debentures commenced trading on the TSX on an interest flat basis on June 27, 2016 and will continue to trade on such basis until further notice.

There is no guarantee that the Lenders will continue to forbear from exercising their rights and remedies arising from the Credit Agreement Defaults if the Arrangement is not completed and, if such forbearance is not continued, it could result in the requirement to repay the Company's bank indebtedness. In such event, the Lenders likely course of action would be to enforce their security by appointing a receiver to liquidate the Company's assets and manage the Company’s affairs, which could result in the Twin Butte Securityholders, including Twin Butte Debentureholders, receiving no consideration for their securities.

The borrowing base authorized under the Company's credit facilities and the repayment terms of such amounts is determined by the Lenders. The Lenders use the Company's reserves, commodity prices, applicable discount rate and other factors to periodically determine the Company's borrowing base. A further decline in commodity prices could further reduce the Company's borrowing base thereby further reducing the funds available to the Company under the credit facility. This could result in the requirement to repay a portion, or all, of the Company's bank indebtedness.

Going Concern

In the event that the Arrangement is not completed, the Company's ability to continue as a going concern and discharge its obligations will require additional equity or debt financing and/or proceeds from asset sales. There can be no assurance that such equity or debt financing will be available on terms that are satisfactory to the Company or at all. Similarly, there can be no assurance that the Company will be able to realize any or sufficient proceeds from asset sales to discharge its obligations and continue as a going concern.

Implications of the Subordination of the Debentures to Senior Indebtedness

Pursuant to the Debenture Indenture, the Debentures are subordinated to all senior indebtedness, which includes indebtedness under the Credit Agreement. In the event of default respecting the senior indebtedness, including under the Credit Agreement, which would permit a senior creditor (including the Lenders) to demand payment or accelerate the maturity thereof, Twin Butte is restricted from paying any amount in respect of the Debentures, including by purchase of the Debentures or on account of principal, interest or otherwise, and the trustee under the Debenture Indenture and the Twin Butte Debentureholders are restricted from demanding, accelerating or initiating any proceedings for the collection of any such amounts, unless until such default or event of default has been cured or waived or cease to exist. As a result of the Pending Debenture Interest Default, and in the event that the Arrangement Agreement is terminated whether as a result of the failure to obtain the Twin Butte Debentureholder approval or otherwise, the resulting events of default under the Credit Agreement will restrict Twin Butte's ability to pay any interest, principal or other amounts on the Debentures as well as the trustee's and the Twin Butte Debentureholders ability to commence any proceedings for the collection of such amounts until all senior indebtedness is repaid in full or the event of default is otherwise cured, waived or ceases to exist.

The Arrangement Agreement may be Terminated

Each of Twin Butte and the Purchaser has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can either of Twin Butte or the Purchaser provide any assurance, that the Arrangement will not be terminated by either Twin Butte or the Purchaser before the completion of the Arrangement. In addition, certain costs related to the Arrangement, such as legal and certain financial advisor fees, must be paid by Twin Butte even if the Arrangement is not completed. Failure to complete the Arrangement could materially negatively impact the market price of the Shares and the Debentures. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Twin Butte Board will be able to find a party willing to pay an equivalent or greater price for the Shares than the price to be paid pursuant to the terms of the Arrangement Agreement.

Under the Arrangement Agreement, Twin Butte may be required to pay the Break Fee in the event that the Arrangement Agreement is terminated in certain circumstances. This fee may discourage other parties from attempting to enter into a business transaction with Twin Butte, even if those parties would otherwise be willing to enter into an agreement with Twin Butte for a business combination. See "*The Arrangement – The Arrangement Agreement – Break Fee and Reserve Break Fee*".

Satisfaction of Conditions Precedent

The completion of the Arrangement is subject to a number of conditions precedents, certain of which are outside the control of Twin Butte and the Purchaser, including obtaining the requisite approvals from Twin Butte Securityholders and the required Regulatory Approvals. There is no certainty, nor can Twin Butte and/or the Purchaser provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If for any reason the Arrangement is not completed, the market price of the Shares and the Debentures may be materially adversely affected. Moreover, if the Arrangement Agreement is terminated, there is no assurance that the Twin Butte Board will be able to find another satisfactory transaction in which to enter.

Consents and Approvals

Completion of the Arrangement is conditional upon receiving certain consents and regulatory approvals. A substantial delay in obtaining satisfactory approvals or the imposition of unfavourable terms or conditions in the Regulatory Approvals could adversely affect the business, financial condition or results of operations of Twin Butte.

Dissent Rights

Twin Butte Shareholders have the right to exercise Dissent Rights in accordance with the ABCA as modified by the Interim Order and the Plan of Arrangement. It is a condition to completion of the Arrangement for the benefit of the Purchaser that Twin Butte Shareholders holding not more than 5% of the outstanding Shares shall have exercised Dissent Rights and, as such, the Arrangement may not be completed if a sufficient number of Twin Butte Shareholders exercise Dissent Rights.

Forward-Looking Statements May Prove Inaccurate

Readers are cautioned not to place undue reliance on forward-looking statements. By their nature forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Risks Relating to Twin Butte

If the Arrangement is not completed and Twin Butte continues as a going concern, Twin Butte will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in Twin Butte's Annual Information Form for the year ended December 31, 2015, which has been filed on SEDAR and which are specifically incorporated by reference herein.

In addition, the failure of Twin Butte to comply with certain terms of the Arrangement Agreement may result in Twin Butte being required to pay the Break Fee to the Purchaser, the result of which could have a material adverse effect on Twin Butte's financial position and results of operations and its ability to fund growth prospects and current operations. Twin Butte may have also lost other opportunities that would have otherwise been available had the Arrangement Agreement not been executed, including, without limitation, opportunities not pursued as a result of affirmative and negative covenants made by it in the Arrangement Agreement, such as covenants affecting the conduct of its business outside the ordinary course of business.

TAX CONSIDERATIONS TO TWIN BUTTE SECURITYHOLDERS

Certain Canadian Federal Income Tax Considerations

The following summary describes the principal Canadian federal income tax considerations in respect of the Arrangement generally applicable to a Twin Butte Securityholder who, for purposes of the Tax Act, and at all relevant times, deals at arm's length with each of Twin Butte and the Purchaser and is not affiliated with Twin Butte, or the Purchaser, holds its Securities as capital property, and disposes of such Securities under the Arrangement (a "**Holder**"). Securities will generally be considered to be capital property to a Holder unless the Holder holds such Securities in the course of carrying on a business or the Holder acquired such Securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Canadian resident Holders whose Securities might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Securities and all other "Canadian securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors if they contemplate making such an election.

This summary is based upon the current provisions of the Tax Act and Twin Butte's understanding of existing case law and the published administrative practices of the Canada Revenue Agency ("**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is not applicable to: (a) a Holder that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) a Holder an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) a Holder whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; (d) a Holder that enters into a "derivative forward agreement" with respect to the Securities; or (e) a Holder that acquired Shares pursuant to an Option, Performance Award or Restricted Award or other equity-based employment compensation plan or arrangement. Such Holders should consult their own tax advisors.

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 Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Twin Butte Securityholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Securities under the Arrangement, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax laws. No advance income tax ruling has been obtained from the CRA to confirm the tax consequences of the Arrangement to Twin Butte Securityholders.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident or deemed to be resident in Canada (a "**Resident Holder**").

Disposition of Debentures under the Arrangement

Under the Arrangement, Resident Holders of Debentures will transfer their Debentures to the Acquiror for the Debenture Consideration. Such a Resident Holder will be considered to have disposed of such Debentures for proceeds of disposition equal to such cash payment (less the portion thereof that relates to accrued interest). The Resident Holder will realize a capital gain (or capital loss) on the disposition of the Debentures equal to the amount by which the holder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such Debentures to the holder immediately prior to the disposition. The taxation of capital gains and capital losses is discussed below under the heading " – *Capital Gains and Capital Losses*".

Upon the disposition of a Debenture under the Arrangement, interest accrued thereon and paid to the holder thereof to the date of disposition must be included in computing the income of the holder for the taxation year in which the Arrangement occurs, except to the extent that such interest was otherwise included in the income of the holder for a previous year.

Disposition of Shares under the Arrangement

Under the Arrangement, Resident Holders of Shares (other than dissenting Resident Holders of Shares) will transfer their Shares to the Acquiror in exchange for the Share Consideration, and will realize a capital gain (or a capital loss) equal to the amount by which the cash payment exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Shares and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading " – *Capital Gains and Capital Losses*".

Dissenting Resident Holders of Shares

A Resident Holder of Shares who dissents from the Arrangement (a "**Dissenting Resident Holder**") will be deemed to have transferred such Dissenting Resident Holder's Shares to the Acquiror and will be entitled to receive a payment from the Acquiror of an amount equal to the fair value of the Dissenting Resident Holder's Shares. A Dissenting Resident Holder of Shares who exercises the right of dissent in respect of the Arrangement and is entitled to be paid the fair value of their Shares by the Acquiror 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 Shares to the Dissenting Resident Holder and reasonable costs of the disposition. See *"– Capital Gains and Capital Losses*". A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act.

In the case of a Resident Holder that is a corporation, trust or partnership, the amount of any capital loss otherwise resulting from the disposition of Shares may be reduced by the amount of dividends previously received or deemed to be received to the extent and under the circumstances prescribed in the Tax Act.

Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Additional Refundable Tax

A Resident Holder, including a Dissenting Resident Holder, that is throughout the year a "Canadian-controlled private corporation" as defined in the Tax Act may be liable to pay a refundable tax of 10⅔% on certain investment income, including taxable capital gains and interest. The rate of such refundable tax will be different if the taxation year of the Resident Holder, or Dissenting Resident Holder, in which the disposition occurs began prior to January 1, 2016, and such Resident Holders and Dissenting Resident Holders should consult their own tax advisors in this regard.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and has not been a resident or deemed to be a resident of Canada and does not use or hold, and is not deemed to use or hold, Securities in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Disposition of Debentures under the Arrangement

A Non-Resident Holder of a Debenture will not be subject to tax under the Tax Act in respect of any capital gain (and will not be entitled to deduct any amount in respect of any capital loss) realized on the disposition of a Debenture under the Arrangement unless such Debentures constitute "taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property". See the discussion below under the heading " – *Taxable Canadian Property*".

Any interest paid or deemed to be paid to a Non-Resident Holder under the Arrangement in respect of a Debenture will not be subject to Canadian withholding tax.

Disposition of Shares under the Arrangement

A Non-Resident Holder who disposes of Shares under the Arrangement will realize a capital gain or a capital loss computed in the manner described above under the heading "*Holders Resident in Canada – Disposition of Shares under the Arrangement*". A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain, or entitled to deduct any capital loss, realized on the disposition of Shares to the Acquiror under the Arrangement unless such Shares constitute "taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property". See the discussion below under the heading " – *Taxable Canadian Property*".

Taxable Canadian Property

Provided the Shares are listed on a designated stock exchange (which currently includes the TSX) at the time of disposition, the Debentures and Shares generally will not constitute taxable Canadian property of a Non-Resident Holder, unless, at any time during the 60-month period immediately preceding the disposition, (i) the Non-Resident Holder, persons not dealing at arm's length with such Non-Resident Holder, partnerships in which the Non-Resident Holder or any such person holds an interest directly by or through one or more partnerships, or the Non-Resident Holder together with all such persons and partnerships, owned 25% or more of the issued shares of any class or series of the capital stock of Twin Butte; and (ii) more than 50% of the fair market value of the Shares was derived directly or indirectly from one or any combination of: (a) real or immovable property situated in Canada; (b) Canadian resource properties"; (c) "timber resource properties"; and (d) options in respect of, or interests in or rights in property described in (a) to (c) (as such terms are defined in the Tax Act).

Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Debentures and Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

Even if the Securities are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of Securities will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Securities constitute "treaty-protected property". Securities owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such Securities would, because of an applicable income tax treaty, be exempt from tax under the Tax Act. In the event that Securities constitute taxable Canadian property but not treaty-protected property to a particular Non-Resident Holder, the tax consequences as described above under "*Holders Resident in Canada – Disposition of Debentures Under the Arrangement*", "*Holders Resident in Canada – Disposition of Shares Under the Arrangement*" and "*Holders Resident in Canada – Capital Gains and Capital Losses*" will generally apply. A Non-Resident Holder who disposes of taxable Canadian property and such property is not treaty-protected property, must file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

Non-Resident Holders owning Securities that may be "taxable Canadian property" should consult their tax advisors.

Dissenting Non-Resident Holders of Shares

A Non-Resident Holder of Shares who dissents from the Arrangement (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Dissenting Non-Resident Holder's Shares to the Acquiror and will be entitled to receive a payment from the Acquiror of an amount equal to the fair value of the Dissenting Non-Resident Holder's Shares. Non-Resident Holders who intend to dissent from the Arrangement are urged to consult their own tax advisors.

Dissenting Non-Resident Holders will generally be subject to the same treatment described above under the headings "– *Disposition of Shares under the Arrangement*" and "– *Taxable Canadian Property*".

Any interest paid or deemed to be paid to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax.

Certain Other Tax Considerations

The Information Circular does not contain a summary of the non-Canadian income tax considerations of the Arrangement for Twin Butte Securityholders who are subject to income tax outside of Canada. Such Twin Butte Securityholders should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions.

INFORMATION CONCERNING THE PURCHASER AND THE ACQUIROR

The information concerning the Purchaser contained in this Information Circular has been provided by the Purchaser for inclusion in this Information Circular. Although Twin Butte has no knowledge that any statement contained herein taken from, or based on, such information and records or information provided by the Purchaser are untrue or incomplete, Twin Butte assumes no responsibility for the accuracy of the information contained in such documents, records or information or for any failure by the Purchaser to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Twin Butte.

The Purchaser and the Acquiror

The Purchaser is a partnership of the Reignwood Group and Horizon Holding Group, both privately held corporations domiciled in Hong Kong and Canada, respectively. The Reignwood Group is a global multi-industrial conglomerate active in sixteen industries including consumer products, real estate, hospitality and lifestyle, healthcare, aviation, ocean engineering, construction management and leasing. The Reignwood Group holds investments in over sixty subsidiaries worldwide and maintains a commitment to the green, healthy development concept through the promotion of business and cultural exchanges between China, Asia and the West. Horizon Holding Inc. is a Toronto-based holding company that has business interests in a number of commodity trading companies, infrastructure and logistics facilities, commercial properties and manufacturing facilities across Canada and Asia.

The Purchaser is a private company organized and existing under the laws of Singapore, with its registered office in Singapore.

The Acquiror is a private limited company organized and existing under the laws of England and Wales, with its registered office in London, United Kingdom. The Acquiror is organized and incorporated by the Purchaser and is a wholly-owned subsidiary of the Purchaser.

INFORMATION CONCERNING TWIN BUTTE

General

Twin Butte is a value oriented intermediate producer with a deep, low risk, drilling inventory focused on medium and heavy oil reservoirs. Twin Butte is a reporting issuer in each of the Provinces of Canada and the Shares are listed on the TSX under the symbol "TBE" and the Debentures are listed on the TSX under the symbol "TBE.DB".

Twin Butte's head office is located at Suite 410, 396 – 11th Avenue S.W. and its registered office is located at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

Prior Valuations and Bona Fide Prior Offers

To the knowledge of the Company and its directors and senior officers, after reasonable enquiry, there have been no prior valuations (as such term is defined in MI 61-101) of the Company, its material assets or its securities made in the 24 months preceding the date of this Information Circular. No bona fide prior offer (within the meaning of MI

61-101) has been received by the Company that relates to the Shares or Debentures or is otherwise relevant to the Arrangement during the 24 months before the date of the Arrangement Agreement.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information in respect of the Company and its affairs is provided in the Company's annual audited comparative financial statements for the year ended December 31, 2015 and the Company's unaudited interim comparative financial statements for the three months ended March 31, 2016 and the related management's discussion and analysis. Copies of the Company's financial statements and related management's discussion and analysis are available upon request from R. Alan Steele, Vice-President, Finance, Chief Financial Officer and Corporate Secretary of Twin Butte at Twin Butte's head office, Suite 410, 396 – 11th Avenue S.W. Calgary, Alberta T2R 0C5, telephone (403) 215-2692 or by email at asteele@twinbutteenergy.com. Also see "Audit Committee Information" in the Company's Annual Information Form for the year ended December 31, 2015 for information relating to the Audit Committee, including its mandate and composition, as well as fees paid to the Company's auditors.

DISSENTING SHAREHOLDER RIGHTS

The following description of the rights of Dissenting Shareholders is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the "fair value" of such Twin Butte Shareholder's Shares and is qualified in its entirety by the reference to the full text of the Interim Order which is attached as Appendix B to this Information Circular and the full text of Section 191 of the ABCA which is attached as Appendix E to this Information Circular. **A Twin Butte Shareholder who intends to exercise Dissent Rights should carefully consider and strictly comply with the provisions of Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement. Failure to strictly comply with the provisions of that section, as modified by the Interim Order and the Plan of Arrangement, and to adhere to the procedures established therein may result in the loss of all rights thereunder. It is suggested that Twin Butte Shareholders wishing to avail themselves of their rights under those provisions seek their own legal advice, as failure to comply strictly with them may prejudice their right of dissent.**

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, a registered Twin Butte Shareholder who fully complies with the dissent procedures in Section 191 of the ABCA, as modified by the Interim Order and the Plan of Arrangement, is entitled, upon the Arrangement becoming effective, in addition to any other rights he may have, to dissent and to be paid by the Acquiror the fair value of the Shares held by such Twin Butte Shareholder in respect of which he or she dissents, determined as of the close of business on the last business day before the day on which the Arrangement Resolution is adopted. **A Dissenting Shareholder shall not have voted his or her Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution and registered Twin Butte Shareholders may not exercise the right of dissent in respect of only a portion of the holder's Shares, but may dissent only with respect to all of the Shares held by the Twin Butte Shareholder. A vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required by the Interim Order.**

Twin Butte Shareholders who are Beneficial Twin Butte Securityholders and wish to dissent should be aware that only the registered owner of such Shares is entitled to dissent. Accordingly, a Twin Butte Shareholders that is a Beneficial Twin Butte Securityholder desiring to exercise its Dissent Rights must make arrangements for the Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by Twin Butte.

A registered Twin Butte Shareholder wishing to exercise rights of dissent with respect to the Arrangement Resolution must send to Twin Butte a written objection to the Arrangement Resolution, which written objection must be received by Twin Butte c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1, Attention: Frederick Davidson by no later than 4:00 p.m. (Calgary time) on August 5, 2016 or by 4:00 p.m. (Calgary time) on the day that is three Business Days immediately

preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be, and must otherwise strictly comply with the dissent procedures described in this Information Circular.

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

In such circumstances, a Dissenting Shareholder may make an agreement with the Acquiror for the purchase of such holder's Shares for an agreed upon amount, at any time before the Court pronounces an order fixing the fair value of the applicable Shares.

A Dissenting Shareholder is not 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 and appraisal. On the application, the Court will make an order under Subsection 191(13) of the ABCA fixing the fair value of the Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount in favour of each of those Dissenting Shareholders, and fixing the time within which the Acquiror must pay that amount to the Dissenting Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a Twin Butte Shareholder under the ABCA until the date of payment.

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

After the Effective Date, or upon the making of an agreement between the Company and the Dissenting Shareholder as to the payment to be made by the Company to the Dissenting Shareholder, or upon the pronouncement of a court order, whichever first occurs, the Twin Butte Shareholder ceases to have any rights as a Twin Butte Shareholder other than the right to be paid the fair value of the Shares held by such Dissenting Shareholder in the amount agreed to between the Company and the Dissenting Shareholder or in the amount of the judgement, except where: (i) the Dissenting Shareholder withdraws such Dissenting Shareholder's demand for payment; or (ii) the Arrangement Resolution is terminated, in which case such Dissenting Shareholder's rights as a Twin Butte Shareholder will be reinstated as of the date on which such Dissenting Shareholder sent the demand for payment. In either event, the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

Dissenting Shareholders who duly exercise Dissent Rights and who are ultimately entitled to be paid fair value for their Shares will be deemed to have transferred their Shares as of the Effective Time and without any further authorization, act or formality and free and clear of all liens, charges, claims and encumbrances, to the Acquiror under the Arrangement.

In the event that a Dissenting Shareholder fails to perfect or effectively withdraws a claim under Section 191 of the ABCA or forfeits the right to make a claim under that section or such Dissenting Shareholder's rights as a Twin

Butte Shareholder are otherwise reinstated, such Dissenting Shareholder's Shares will thereupon be deemed to have been transferred to the Acquiror at the same time as all other Shares are acquired by the Acquiror under the Arrangement on the same basis as a non-dissenting holder of Shares, notwithstanding the provisions of Section 191 of the ABCA.

Unless waived by the Purchaser, it is a condition to the obligations of the Purchaser to complete the Arrangement that Dissent Rights shall not have been exercised by the holders of more than 5% of the outstanding Shares.

We urge any Twin Butte Shareholder who is considering dissenting to the Arrangement to consult their own tax advisor with respect to the income tax consequences to them of such action. For a general summary of certain income tax implications to a Dissenting Shareholder, see: "*Tax Considerations to Twin Butte Securityholders – Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Dissenting Resident Holders*" and "*Tax Considerations to Twin Butte Securityholders – Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Dissenting Non-Resident Holders*".

OTHER MEETING BUSINESS

In addition to the Arrangement, Twin Butte Shareholders will also be asked to consider at the Meeting the following annual business matters.

Financial Statements and Independent Auditors' Report

The Company will submit to Twin Butte Shareholders at the Meeting the audited financial statements of Twin Butte for the years ended December 31, 2015 and 2014 and the independent auditors' report thereon. No vote by the Twin Butte Shareholders with respect to this matter will be required.

Fixing the Number of Directors

At the Meeting, Twin Butte Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors for the present time at seven, as may be adjusted between Twin Butte Shareholders' meetings by way of resolution of the Twin Butte Board. Accordingly, unless otherwise directed and if named as a proxy, it is the intention of the persons named in the accompanying Twin Butte Shareholder instrument of proxy to vote in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at seven. In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at seven must be passed by a majority of the votes cast by Twin Butte Shareholders who vote in respect of this ordinary resolution.

Election of Directors

At the Meeting, Twin Butte Shareholders will be asked to elect seven directors for election to the Twin Butte Board. There are currently seven directors of Twin Butte, each of whom retires from office at the Meeting. If the Arrangement is completed, the Purchaser intends to reconstitute the Twin Butte Board. See "*The Arrangement – General Details of the Arrangement*". Such persons will only serve as directors of Twin Butte if the Arrangement is not completed. If the Arrangement is not completed, such persons will hold office until the next annual general meeting of Twin Butte Shareholders or until their successors are duly elected or appointed.

Unless otherwise directed, it is the intention of management to vote Twin Butte Shareholder instruments of proxy in the accompanying form in favour of an ordinary resolution fixing the number of directors to be elected at the Meeting at seven members and in favour of the election as directors of the seven nominees hereinafter set forth:

R. James Brown	James Saunders
John A. Brussa	Warren D. Steckley
David M. Fitzpatrick	William A. Trickett
Thomas J. Greschner	

The names and residence of the persons nominated for election as directors, the number of voting securities of Twin Butte beneficially owned or controlled or directed, directly or indirectly, the offices held by each in Twin Butte, the period served as director and the principal occupation of each are set forth below. The information as to Twin Butte Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to Twin Butte by the nominees.

Name, Province and Country of Residence	Director Since	Principal Occupation During the Five Preceding Years	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly [5]
R. James Brown [1][2] Alberta, Canada	February 8, 2008	Independent businessman.	484,667
John A. Brussa [2] Alberta, Canada	March 22, 2011	Partner, Burnet, Duckworth & Palmer LLP (law firm).	895,592
David M. Fitzpatrick [2] Alberta, Canada	December 8, 2008	Independent businessman.	340,595
Thomas J. Greschner [3] Alberta, Canada	January 9, 2012	President and Chief Executive Officer of Nexxco Energy Ltd. (oil and gas company) since August 2012, and prior thereto, independent businessman.	602,673
James Saunders Alberta, Canada	December 30, 2005	Executive Chairman of Twin Butte since March 23, 2015; Chief Executive Officer of Twin Butte Energy Ltd. from January 14, 2014 until March 23, 2015, and prior thereto, President and Chief Executive Officer of Twin Butte.	6,309,780
Warren D. Steckley [1][3] Alberta, Canada	March 20, 2009	Independent businessman since September 9, 2013, and prior thereto, President and Chief Operating Officer of Barnwell of Canada, Limited (oil and gas company).	376,051
William A. Trickett [1][3] Alberta, Canada	October 14, 2009	President and Chief Executive Officer and director of Fogo Energy Corp. (oil and gas company).	251,024

Notes:
(1) Member of the Audit Committee, which committee is required pursuant to the *Business Corporations Act* (Alberta).
(2) Member of the Compensation, Nominating and Corporate Governance Committee.
(3) Member of the Reserves Committee.
(4) We do not have an Executive Committee.
(5) In addition, Mr. Saunders also holds 802,900 Restricted Awards and 432,742 Performance Awards and Messrs. Brown, Brussa, Fitzpatrick, Greschner, Steckley and Trickett also hold 208,364, 272,172, 272,304, 208,380, 223,467 and 223,467 Restricted Awards, respectively.

Majority Voting for Directors

The Twin Butte Board has adopted a majority voting policy stipulating that if the votes in favour of the election of a director nominee at a shareholders' meeting represent less than a majority of the Shares voted and withheld, the nominee will submit his resignation promptly after the meeting, for Twin Butte's Compensation, Nominating and Corporate Governance Committee's consideration. Twin Butte's Compensation, Nominating and Corporate Governance Committee will make a recommendation to Twin Butte's Board after reviewing the matter, and Twin Butte's Board's decision to accept or reject the resignation offer will be disclosed to the public within 90 days of the applicable shareholders' meeting. Resignations are expected to be accepted except in situations where extenuating circumstances would warrant the applicable director to continue to serve as a Twin Butte Board member. The nominee will not participate in any committee or Twin Butte Board deliberations on the resignation offer unless there are not at least three directors who did not receive a majority withheld vote. The policy does not apply in circumstances involving contested director elections.

Additional Disclosure Relating to Proposed Directors

Bankruptcies

To our knowledge, except as described below, no proposed director (nor any personal holding company of any of such persons): (a) is, as of the date of this information circular – proxy statement, or has been within the ten years before the date of this information circular – proxy statement, a director or executive officer of any company (including our company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten years before the date of this information circular – proxy statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

John Brussa, a director of Twin Butte, resigned as a director of Calmena Energy Services Inc. ("**Calmena**") on June 30, 2014. On January 19, 2015, a senior lender of Calmena made an application to the Court of Queen's Bench of Alberta to appoint an interim receiver under the *Bankruptcy and Insolvency Act* (Canada) and trading in the common shares of Calmena was suspended by the TSX. On January 20, 2015, the senior lender was granted a receivership order by the Court of Queen's Bench of Alberta. Mr. Brussa was also a director of Enseco Energy Services Corp. ("**Enseco**"), a public oilfield service company, which was placed in receivership on October 14, 2015 and, in connection therewith, a receiver was appointed under the *Bankruptcy and Insolvency Act* (Canada). Mr. Brussa resigned as a director of Enseco on October 14, 2015. On December 21, 2015 Enseco was assigned into bankruptcy by the receiver. Mr. Brussa is a director of Argent Energy Ltd. which is the administrator of Argent Energy Trust. On February 17, 2016, Argent Energy Trust and its Canadian and United States holding companies (collectively "**Argent**") commenced proceedings under the *Companies' Creditors Arrangement Act* ("**CCAA**") for a stay of proceedings until March 19, 2016. On the same date, Argent filed voluntary petitions for relief under Chapter 15 of the United States Bankruptcy Code ("**Chapter 15**"). On March 9, 2016, the stay of proceedings under the CCAA was extended until May 17, 2016. Additionally on March 10, 2016 the U.S. Bankruptcy Court approved an order recognizing the CCAA as the foreign main proceedings under Chapter 15.

David Fitzpatrick, a director of Twin Butte, has been a director of Lone Pine Resources Inc. ("**Lone Pine**"), an oil and natural gas company, since June 1, 2011 and was the former Interim Chief Executive Officer of Lone Pine from February 28, 2013 until May 30, 2013. On September 25, 2013, Lone Pine commenced proceedings in the Court of Queen's Bench of Alberta under the *Companies' Creditors Arrangement Act* ("**CCAA**") and ancillary proceedings under Chapter 15 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. On January 31, 2014, Lone Pine completed its emergence from creditor protection under the CCAA and Chapter 15 of the United States Bankruptcy Code. Lone Pine, Lone Pine Resources Canada Ltd. and all other subsidiaries of Lone Pine were parties to the CCAA and Chapter 15 proceedings.

Gordon Howe, the Vice President, Land of Twin Butte, was the Vice President, Land and Negotiations of Lone Pine from June 1, 2011 to January 3, 2013.

Cease Trade Orders

To our knowledge, no proposed director (nor any personal holding company of any of such persons) is, as of the date of this information circular – proxy statement, or was within ten years before the date of this information circular – proxy statement, a director, chief executive officer or chief financial officer of any company (including our company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Penalties or Sanctions

To our knowledge, no proposed director (nor any personal holding company of any of such persons), has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Appointment of Auditors

Unless otherwise directed, it is management's intention to vote the proxies in favour of an ordinary resolution to re-appoint the firm of PricewaterhouseCoopers LLP, Chartered Accountants, to serve as auditors of Twin Butte until the next annual meeting of the Twin Butte Shareholders and to authorize the directors to fix their remuneration as such. In order to be effective, the ordinary resolution appointing auditors of Twin Butte and authorizing the directors to fix their remuneration must be passed by a majority of the votes cast by Twin Butte Shareholders in respect of such resolution. PricewaterhouseCoopers LLP, Chartered Accountants, has been Twin Butte's auditors since June 2006.

Additional Business

At the Meeting, the Twin Butte Shareholders will also transact such further or other business as may properly come before the Meeting or any adjournments or postponements thereof. Management of Twin Butte knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the accompanying Notice of Annual and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying applicable form of proxy confers discretionary authority to vote on such amendments, variations and other matters and the persons named in the accompanying applicable form of proxy, if named as proxy, will vote on such matter in accordance with their best judgment.

INFORMATION CONCERNING THE MEETING

Purpose of the Meeting

The information contained in this Information Circular is furnished in connection with the solicitation of proxies by the management of Twin Butte for use at the Meeting. At the Meeting, Twin Butte Securityholders will consider and vote upon the Arrangement Resolution and such other business as may properly come before the Meeting. The Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities. Only Twin Butte Shareholders will vote on the Other Meeting Business.

Following an extensive review and analysis of the Arrangement and consideration of other available alternatives and based upon the recommendation of the Special Committee and other relevant factors considered by the Twin Butte Board, the Twin Butte Board has unanimously determined that the Arrangement is in the best interests of Twin Butte, the Twin Butte Shareholders and the Twin Butte Debentureholders and that the consideration to be received by the Twin Butte Shareholders and Twin Butte

Debentureholders pursuant to the Arrangement is fair to the Twin Butte Shareholders and the Twin Butte Debentureholders, respectively. The Twin Butte Board unanimously recommends that Twin Butte Securityholders vote in favour of the Arrangement Resolution. See "*The Arrangement –Background to the Arrangement*" and "*The Arrangement – Reasons for and Anticipated Benefits of the Arrangement*" and "*The Arrangement – Recommendation of the Twin Butte Board*".

Date, Time and Place of Meeting

The Meeting will be held at 9:00 a.m. (Calgary time) on August 10, 2016 at the offices of Burnet, Duckworth & Palmer LLP, Suite 2400 525 8th Ave S.W. Calgary, Alberta, for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Twin Butte Securityholders. The purpose of the Meeting is for Twin Butte Securityholders to consider and, if deemed advisable, approve the Arrangement Resolution and for Twin Butte Shareholders to consider the Other Meeting Business.

Twin Butte Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Shares included in the list of Twin Butte Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such Twin Butte Shareholder transfers Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established that he or she owns such Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Twin Butte Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

In the case of Twin Butte Debentureholders, only Twin Butte Debentureholders whose names have been entered in the registers of holders of Debentures on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

Solicitation of Proxies

This Information Circular is being sent to both registered and non-registered Twin Butte Securityholders and is provided in connection with the solicitation of proxies by the management of Twin Butte for use at the Meeting for the purposes set forth in the accompanying Notice of Annual and Special Meeting of Twin Butte Securityholders. Solicitations of proxies will be primarily by mail, but may also be by newspaper publication, in person or by telephone, fax or oral communication by directors, officers, employees and/or agents of Twin Butte, including by proxy solicitation agents that may be specifically retained for such purpose. All costs of the solicitation for the Meeting will be borne by Twin Butte, and Twin Butte will reimburse Broadridge (as such term is defined below) and intermediaries for the reasonable fees and costs incurred by them in mailing soliciting materials to Beneficial Twin Butte Securityholders. Also see "*Advice to Beneficial Twin Butte Securityholders*" below.

The Company is not using "notice and access" to send its proxy related materials to Twin Butte Securityholders, including this Information Circular and the Instrument of Proxy. Pending any postal service interruptions, paper copies of such materials will be sent to all Twin Butte Securityholders.

Twin Butte has engaged Laurel Hill, as its proxy solicitation agent, to encourage the return of completed proxies and voting directions by Twin Butte Shareholders and Twin Butte Debentureholders and to solicit proxies and voting directions in favour of the Arrangement Resolution. In connection with these services, Laurel Hill is expected to receive a fee of $60,000, plus reasonable out-of-pocket expenses.

Appointment of Proxies

Accompanying this Information Circular is an Instrument of Proxy or voting instruction form ("**VIF**") for use by Twin Butte Securityholders. The persons named in the enclosed Instrument of Proxy or VIF are directors and/or officers of Twin Butte. **A Twin Butte Securityholder desiring to appoint a person (who need not be a Twin Butte Securityholder) to represent such Twin Butte Securityholder at the Meeting other than the persons designated in the Instrument of Proxy or VIF, as applicable, may do so by inserting such person's name in the**

blank space provided in the accompanying Instrument of Proxy or VIF and submitting the Instrument of Proxy or VIF in accordance with the instructions set forth therein.

Voting of Proxies for Beneficial Twin Butte Securityholders

Only proxies deposited by registered Twin Butte Securityholders whose names appear on the records of Twin Butte as the registered holder of Shares or Debentures can be recognized and acted upon at the Meeting. If you are a Beneficial Twin Butte Securityholder, please complete and return the VIF provided to you in accordance with the instructions therein. Failure to do so may result in your Securities not being eligible to be voted at the Meeting. See "Advice to Beneficial Twin Butte Securityholders" below.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered Twin Butte Securityholder may revoke a proxy by instrument in writing executed by the Twin Butte Securityholder or such shareholder's attorney authorized in writing, or, if the Twin Butte Securityholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either at the registered office of Twin Butte at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof. The registered office of Twin Butte is at Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1. Please note that if a registered Twin Butte Securityholder appoints a proxy holder and submits their voting instructions via the internet in accordance with the above and subsequently wishes to change their appointment, such Twin Butte Securityholder may resubmit their applicable instrument of proxy and/or voting direction via the internet prior to the deadline noted above. When resubmitting an instrument of proxy via the internet, the most recently submitted instrument of proxy will be recognized as the only valid one and all previous instruments of proxy submitted will be disregarded and considered as revoked, provided that the last instrument of proxy is submitted by the deadline noted above.

Only the registered holder of Shares or Debentures has the right to revoke a proxy in the manner described above. If you are a Twin Butte Beneficial Securityholder and wish to change your vote, you must arrange for your broker or other intermediary in whose name your Shares or Debentures are registered to revoke the voting instructions given on your behalf in accordance with the instructions provided by such broker or other intermediary. It should be noted that the revocation of voting instructions by a Twin Butte Beneficial Securityholder can take several days or even longer to complete and, accordingly, any such revocation should be completed well in advance of the deadline prescribed in the VIF accompanying this Information Circular. See "*Advice to Beneficial Twin Butte Securityholders*" below for additional information on the voting procedures applicable to Twin Butte Beneficial Securityholders.

Proxy Voting

The Shares or Debentures represented by the accompanying Instrument of Proxy will be voted in accordance with the instructions of the Twin Butte Securityholder on any ballot that may be called for, and if the Twin Butte Securityholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such direction, the persons set forth in the accompanying Instrument of Proxy intend to vote the Shares or Debentures represented thereby FOR the Arrangement Resolution.**

It is important that your Shares and Debentures be represented at the Meeting. Whether or not you are able to attend the Meeting, we urge you to complete, sign and mail the applicable enclosed form(s) of proxy to, or deposit it with, Computershare Trust Company of Canada, 8th floor, 100 University Avenue, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department, or to submit your proxy by telephone or on the Internet, in each case in accordance with the enclosed instructions. In order to be effective, proxies must be received no later than 9:00 a.m. (Calgary time) on August 8, 2016 or if the Meeting is adjourned or postponed, no later than 9:00 a.m. (Calgary time) on the day which is at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment or postponement thereof. Registered Shareholders and Debentureholders may also use the internet site at www.investorvote.com to transmit their voting instructions or

vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America) or by fax at 1-866-249-7775 (toll free in North America) or 416-263-9524 (international).

In the event of any general interruption of postal service due to strike, lockout or other cause, Twin Butte Securityholders are encouraged to submit their votes by fax, telephone or internet-based voting procedures.

Exercise of Discretion by Proxy

The enclosed Instrument of Proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Twin Butte Securityholders and this Information Circular and with respect to other matters that may properly come before the Meeting. At the date of this Information Circular, management of Twin Butte does not know of any amendments, variations or other matters to come before the Meeting.

Advice to Beneficial Twin Butte Securityholders

The information set forth in this section is of significant importance to many Twin Butte Securityholders, as a substantial number of them do not hold their Shares or Debentures in their own names. Beneficial Twin Butte Securityholders should note that only proxies deposited by Twin Butte Securityholders whose names appear on the records of Twin Butte as the registered holders of Shares or Debentures can be recognized and acted upon at the Meeting. If any of the Securities of a Twin Butte Securityholder are listed in an account statement provided to a Twin Butte Securityholder by a broker, then in almost all cases those shares will not be registered in the Twin Butte Securityholder's name on the records of Twin Butte. Such Securities will more likely be registered under the name of the Twin Butte Securityholder's broker or an agent of that broker. In Canada, the majority of such Shares and Debentures are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares and Debentures held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Twin Butte Securityholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting the Securities for the broker's clients. The directors and officers of Twin Butte do not know for whose benefit the Shares or Debentures registered in the name of CDS & Co. or of other brokers/agents are held. **Therefore, Beneficial Twin Butte Securityholders should ensure that instructions respecting the voting of their Shares and Debentures are communicated to the appropriate person**.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from beneficial securityholders in advance of securityholder meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Twin Butte Securityholders in order to ensure that their Shares and Debentures are voted at the Meeting. The VIF supplied to a Beneficial Twin Butte Securityholder is similar to the Instrument of Proxy provided to registered Twin Butte Securityholders by Twin Butte; however, its purpose is limited to instructing the registered Twin Butte Securityholder (the broker or the agent of the broker) how to vote on behalf of the Beneficial Twin Butte Securityholder. The majority of brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails a scannable voting instruction form instead of the form of Instrument of Proxy. The Beneficial Twin Butte Securityholder is asked to complete the voting instruction form and return it to Broadridge by mail or facsimile. Alternatively, the Beneficial Twin Butte Securityholder may call a toll-free number to vote the shares held by the Beneficial Twin Butte Securityholder or vote online. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Shares or Debentures to be represented at the Meeting.

A Beneficial Twin Butte Securityholder receiving a VIF cannot use that VIF to vote Shares or Debentures directly at the Meeting, but rather a Beneficial Twin Butte Securityholder must submit its voting instructions in accordance with the instructions in the VIF.

Although a Beneficial Twin Butte Securityholder may not be recognized directly at the Meeting for the purposes of voting Shares registered in the name of his broker (or agent of the broker), a Beneficial Twin Butte Securityholder may attend the Meeting as proxyholder for the registered Twin Butte Securityholder and vote the Shares or Debentures in that capacity. Beneficial Twin Butte Securityholders who wish to attend the Meeting and indirectly

vote their Shares or Debentures as proxyholders for the registered Twin Butte Securityholder should enter their own names in the blank space on the VIF provided to them and return the same in accordance with the instructions provided well in advance of the Meeting.

Twin Butte intends to send proxy-related materials directly to non-objecting Beneficial Twin Butte Securityholders. Such materials will be delivered to objecting Twin Butte Securityholders by Broadridge or through the Intermediary. Twin Butte will pay the reasonable fees and costs of Broadridge or an objecting Beneficial Twin Butte Securityholder's intermediary to deliver the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to objecting Beneficial Twin Butte Securityholders.

Voting Securities and Principal Holders Thereof

As of the Record Date, Twin Butte had 354,847,889 Shares outstanding. Each Twin Butte Shareholder will be entitled to one vote for each Share held.

Twin Butte has $85 million principal amount of Debentures outstanding as of the Record Date. Each Twin Butte Debentureholder will be entitled to one vote for each $1,000 principal amount of Debentures held.

The Twin Butte Board has set the close of business on July 11, 2016 as the Record Date. See "*Information Concerning the Meeting – Date, Time and Place of Meeting*".

To the knowledge of the directors and executive officers of Twin Butte, as of July 11, 2016, no person, firm or company beneficially owns or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Shares or the Debentures:

Quorum and Votes Required

Pursuant to the Interim Order:

- each Twin Butte Shareholder will be entitled to one vote for each Share held;
- the quorum at the Meeting in respect of Twin Butte Shareholders shall be persons present not being less than two (2) in number and holding or representing by proxy not less than five per cent (5%) of the aggregate of the Shares entitled to be voted at the Meeting;
- each Twin Butte Debentureholder will be entitled to one vote for each $1,000 principal amount of Debentures held;
- the quorum at the Meeting in respect of the Twin Butte Debentureholders shall be Twin Butte Debentureholders present in person or represented by proxy at the Meeting holding or representing by proxy not less than twenty-five per cent (25%) of the principal amount of Debentures outstanding;
- the Twin Butte Shareholders and the Twin Butte Debentureholders will vote on the Arrangement Resolution as separate classes of securities;
- if within 30 minutes of the appointed time of the Meeting a quorum in respect of the Twin Butte Shareholders is not present, the Meeting shall be adjourned in respect of matters to be considered by Twin Butte Shareholders to the same day in the next week if a business day and, if such day is a not a business day, the Meeting shall be adjourned in respect of matters to be considered by Twin Butte Shareholders to the next business day following one week after the day appointed for the Meeting at the same time and place, and if at such adjourned meeting a quorum is not present, the Twin Butte Shareholders present shall be a quorum for all purposes;
- if a quorum of Twin Butte Debentureholders is not present at the Meeting, the Meeting will still proceed in respect of the Twin Butte Shareholders (if a quorum in respect thereof is present);

- if a quorum of the Twin Butte Debentureholders shall not be present within 30 minutes from the time fixed for the Meeting, the Meeting shall be adjourned in respect of matters to be considered by Twin Butte Debentureholders to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Twin Butte Debentureholders present in person or represented by proxy shall, subject to the provisions of the Debenture Indenture, as modified by the Interim Order, constitute a quorum and may transact the business for which the Meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures; and

- if a quorum of Twin Butte Shareholders is not present at the Meeting, the Meeting will still proceed in respect of the Twin Butte Debentureholders (if a quorum in respect thereof is present).

Depositary

Computershare Investor Services Inc. will act as Depositary for the receipt of certificates representing Shares and Debentures and Letters of Transmittal deposited pursuant to the Arrangement and other matters in connection with the Purchaser Loan. The Depositary will receive reasonable and customary compensation for its services in connection with the Arrangement, will be reimbursed for certain out-of-pocket expenses and will be indemnified by Twin Butte against certain liabilities under applicable securities laws and expenses in connection therewith.

No fee or commission is payable by any Twin Butte Securityholder who transmits its Shares or Debentures directly to the Depositary. Except as set forth above or elsewhere in this Information Circular, Twin Butte will not pay any fees or commissions to any broker or dealer or any other person for soliciting deposits of Securities pursuant to the Arrangement.

Other Business

The management of Twin Butte does not intend to present and does not have any reason to believe that others will present any item of business other than those set forth in this Information Circular at the Meeting. However, if any other business is properly presented at the Meeting and may properly be considered and acted upon, proxies will be voted by those named in the applicable form of proxy in their sole discretion, including with respect to any amendments or variations to the matters identified in this Information Circular.

LEGAL MATTERS

Certain legal matters in connection with the Arrangement will be passed upon by Burnet, Duckworth & Palmer LLP, on behalf of Twin Butte. Certain legal matters in connection with the Arrangement will be passed upon by Osler, Hoskin & Harcourt LLP, on behalf of the Purchaser.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, there were no material interests, direct or indirect, of directors or executive officers of the Company, of any shareholder who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Shares, or any other Informed Person (as defined in National Instrument 51-102) or any known associate or affiliate of such persons, in any transaction since the commencement of the most recently completed financial year of the Company or in any proposed transaction which has materially affected, or would materially affect, the Company or any of its subsidiaries. John Brussa, a director of Twin Butte, is a partner of Burnet, Duckworth & Palmer LLP, which firm receives fees for legal services provided to Twin Butte.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, Company management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Company's last financial year, of any proposed nominee for election as a

director, or of any associates or affiliates of any of the foregoing persons, in any matter to be acted on at the Meeting other than the election of directors.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the Company's directors, proposed nominees for election as directors, executive officers, employees or former executive officers, directors or employees of our company or the Company's subsidiaries, or any associate of any such director, proposed nominee for director, executive officer or employee is, or has been at any time since the beginning of the Company's most recently completed financial year, indebted to the Company or any of the Company's subsidiaries in respect of any indebtedness that is still outstanding, nor, at any time since the beginning of the Company's most recently completed financial year has any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of the Company's subsidiaries, other than routine indebtedness.

CORPORATE GOVERNANCE DISCLOSURE

The Company's disclosure with respect to certain corporate governance practises is set forth in Appendix G hereto.

STATEMENT OF EXECUTIVE COMPENSATION

The Company's disclosure with respect to certain director and executive compensation matters and practises as well as information with respect to securities authorized for issuance under the Company's equity compensation plans was filed on SEDAR under the Company's profile on May 3, 2016, a copy of which is set forth in Appendix F hereto.

APPROVAL

This Information Circular and the delivery thereof to Twin Butte Securityholders has been approved and authorized by the Twin Butte Board.

APPENDIX A

ARRANGEMENT RESOLUTION

A. Shareholder Resolution

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Twin Butte Energy Ltd. (the "**Company**") and involving the holders of the common shares ("**Shares**") of the Company (the "**Shareholders**") and the holders (the "**Debentureholders**") of the 6.25% convertible unsecured subordinated debentures due December 31, 2018 of the Company (the "**Debentures**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and Reignwood Resources Trading UK Limited, as more particularly described and set forth in the management information circular of the Company (the "**Circular**") accompanying the notice of meeting dated July 11, 2016, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated June 23, 2016 between the Purchaser and the Company, as amended by an amending agreement dated July 11, 2016 (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it may be or has been amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the Arrangement Agreement which is attached as Appendix C to the Circular, is hereby authorized, approved and adopted.

3. Any action of the directors of the Company in approving the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any action of any director or officer of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any amendment, modification or supplement to any of the foregoing, and any transaction contemplated by any of the foregoing, is hereby ratified, authorized and approved.

4. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Circular).

5. Notwithstanding the passage of this resolution (and the adoption of the Arrangement) by the Shareholders and passage of the extraordinary resolution with respect to the Arrangement by the Debentureholders, or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to, or approval from, the Shareholders or the Debentureholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement and approval by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transaction at any time prior to the issuance of a certificate by the Registrar of Corporations under the ABCA giving effect to the Arrangement.

6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be delivered, for filing with the Registrar of Corporations under the ABCA, the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and such other documents as are necessary or desirable to give full effect to the Arrangement and any related transaction in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement, certified copy of the Final Order and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed 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 such officer or director determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the performance of any such act or thing."

B. Debentureholder Resolution

"BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Twin Butte Energy Ltd. (the "**Company**") and involving the holders of the common shares ("**Shares**") of the Company (the "**Shareholders**") and the holders (the "**Debentureholders**") of the 6.25% convertible unsecured subordinated debentures due December 31, 2018 of the Company (the "**Debentures**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and Reignwood Resources Trading UK Limited, as more particularly described and set forth in the management information circular of the Company (the "**Circular**") accompanying the notice of meeting dated July 11, 2016, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated June 23, 2016 between the Purchaser and the Company, as amended by an amending agreement dated July 11, 2016 (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it may be or has been amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the Arrangement Agreement which is attached as Appendix C to the Circular, is hereby authorized, approved and adopted.

3. Any action of the directors of the Company in approving the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any action of any director or officer of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any amendment, modification or supplement to any of the foregoing, and any transaction contemplated by any of the foregoing, is hereby ratified, authorized and approved.

4. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Circular).

5. Notwithstanding the passage of this resolution (and the adoption of the Arrangement) by the Debentureholders and the passage of the special resolution with respect to the Arrangement by the Shareholders or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to, or approval from, the Shareholders or the Debentureholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement and approval by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transaction at any time prior to the issuance of a certificate by the Registrar of Corporations under the ABCA giving effect to the Arrangement.

6. The proper officers and authorized signatories of Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company) are hereby authorized and directed to execute and deliver all documents and instruments and to take such other actions as they may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

7. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be delivered, for filing with the Registrar of Corporations under the ABCA, the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and such other documents as are necessary or desirable to give full effect to the Arrangement and any related transaction in accordance with the Arrangement Agreement, such

determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement, certified copy of the Final Order and any such other documents.

8. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed 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 such officer or director determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the performance of any such act or thing."

APPENDIX B

INTERIM ORDER

Court File Number	1601-08381
Court	COURT OF QUEEN'S BENCH OF ALBERTA
Judicial Centre	CALGARY
Matter	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 in respect of Twin Butte Energy Ltd. and the shareholders and debentureholders of Twin Butte Energy Ltd. and involving Reignwood Resources Holding Pte. Ltd. and Reignwood Resources Trading UK Limited.
Applicant	**TWIN BUTTE ENERGY LTD.**
Respondent	Not Applicable
Document	**INTERIM ORDER**

Clerk's stamp

Address for Service and Contact Information of Party Filing this Document	BURNET, DUCKWORTH & PALMER LLP 2400, 525 - 8 Avenue S.W. Calgary, Alberta T2P 1G1 Solicitor: Shannon Wray Telephone: (403) 260-0245 Facsimile: (403) 260-0332 Email: slw@bdplaw.com File Number: 63019-49

DATE ON WHICH ORDER WAS PRONOUNCED:	June 30, 2016
NAME OF JUDGE WHO MADE THIS ORDER:	Justice J.M. Ross
LOCATION OF HEARING:	Calgary

INTERIM ORDER

UPON the Originating Application (the "**Originating Application**") of Twin Butte Energy Ltd. (the "**Applicant**");

AND UPON reading the Originating Application, the affidavit of R. Alan Steele, Vice President, Finance, Chief Financial Officer and Corporate Secretary of Twin Butte, sworn June 29, 2016 and the documents referred to therein (the "**Affidavit**");

AND UPON HEARING counsel for the Applicant;

FOR THE PURPOSES OF THIS ORDER:

(a) the capitalized terms not defined in this Order (the "**Order**") shall have the meanings attributed to them in the draft information circular of the Applicant (the "**Information Circular**") which is attached as Exhibit "A" to the Affidavit; and

(b) all references to "**Arrangement**" used herein mean the arrangement as set forth in the Plan of Arrangement attached as Schedule "B" to the arrangement agreement (the "**Arrangement Agreement**"), which Arrangement Agreement is attached as Appendix C to the Information Circular.

IT IS HEREBY ORDERED THAT:

General

1. The Applicant shall seek approval of the Arrangement as described in the Information Circular by the Twin Butte Securityholders in the manner set forth below.

The Meeting

2. The Applicant shall call and conduct an annual and special meeting (the "**Meeting**") of Twin Butte Securityholders on or about August 10, 2016. At the Meeting, the Twin Butte Securityholders will consider and vote upon, among other things, a special resolution and an extraordinary resolution to approve the Arrangement substantially in the form attached as Appendix A to the Information Circular, as applicable (the "**Arrangement Resolution**") and such other business as may properly be brought before the Meeting or any adjournment or postponement thereof, all as more particularly described in the Information Circular.

3. The quorum at the Meeting in respect of the Shareholders shall be persons present not being less than two (2) in number and holding or representing by proxy not less than five per cent (5%) of the Shares entitled to be voted at the Meeting. The quorum at the Meeting in respect of the Debentureholders shall be Debentureholders present in person

or represented by proxy at the Meeting holding or representing by proxy not less than twenty-five per cent (25%) of the principal amount of Debentures outstanding.

4. If within 30 minutes of the appointed time of the Meeting a quorum in respect of the Shareholders is not present, the Meeting shall be adjourned in respect of matters to be considered by the Shareholders to the same day in the next week if a Business Day and, if such day is a not a Business Day, the Meeting shall be adjourned in respect of matters to be considered by Shareholders to the next business day following one week after the day appointed for the Meeting at the same time and place, and if at such adjourned meeting a quorum is not present, the Shareholders present shall be a quorum for all purposes. If a quorum of the Debentureholders is not present at the Meeting or any adjournment thereof, the Meeting, or adjournment thereof, will still proceed in respect of the Shareholders provided a quorum in respect thereof is present.

5. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for the Meeting, the Meeting shall be adjourned in respect of matters to be considered by the Debentureholders to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in person or by proxy shall constitute a quorum and may transact the business for which the Meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures. If a quorum of the Shareholders is not present at the Meeting or any adjournment thereof, the Meeting, or adjournment thereof, will still proceed in respect of the Debentureholders provided a quorum in respect thereof is present.

6. Each Shareholder will be entitled to one (1) vote on a ballot in respect of the Arrangement Resolution for each Share held and each Debentureholder will be entitled to one (1) vote in respect of the Arrangement Resolution for each $1,000 principal amount of Debentures held.

7. The Shareholders and the Debentureholders will vote on the Arrangement Resolution as separate classes of securities.

8. The record date for Twin Butte Securityholders entitled to receive notice of and vote at the Meeting shall be July 11, 2016 (the "**Record Date**"). Only Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote those Shares included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, unless, in the case of the Shareholders, any such Shareholder transfers Shares after the Record Date and the transferee of those Shares, having produced properly endorsed certificates evidencing such Shares or having otherwise established that he or she owns such Shares, demands, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting. In the case of Debentureholders, only Debentureholders whose names have been entered in the registers of holders of Debentures on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

9. The Meeting shall be called, held and conducted in accordance with the applicable provisions of the ABCA, the articles and by-laws of the Applicant in effect at the relevant time, the Debenture Indenture, the Information Circular, the rulings and directions of the Chair of the Meeting, this Order and any further Order of this Court. To the extent that there is any inconsistency or discrepancy between this Order and the ABCA or the articles or by-laws of the Applicant or the Debenture Indenture, the terms of this Order shall govern.

Conduct of the Meeting

10. The only persons entitled to attend the Meeting shall be Shareholders, Debentureholders or their authorized proxy holders, the Applicant's directors and officers and its auditors, the Applicant's legal counsel, representatives and legal counsel of the Purchaser, the Debenture Trustee and its representatives, the scrutineer of the Meeting and its representatives and such other persons who may be permitted to attend by the Chair of the Meeting.

11. The Chair of the Meeting shall be any officer or director of the Applicant or failing them, any other person chosen at the Meeting.

12. The number of votes required to pass the Arrangement Resolution shall be:

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

    (b) a simple majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting after excluding votes cast by certain persons whose votes may not be included in determining minority approval of a business combination pursuant to Multilateral Instrument 61-101 – *Protection of Minority Securityholders In Special Transactions; and*

    (c) not less than 66⅔% of the principal amount of the Debentures held by the Debentureholders present in person or represented by proxy at the Meeting and voted upon the Arrangement Resolution.

13. To be valid, a proxy must be deposited in the manner and within the timeframes described in the Information Circular.

14. Any accidental omission to give notice of the Meeting or the non-receipt of the notice shall not invalidate any resolution passed or proceedings taken at the Meeting.

Adjournments and Postponements

15. The Applicant, if it deems it to be advisable and if permitted by the Purchaser or otherwise contemplated by the Arrangement Agreement, may adjourn or postpone the Meeting on one or more occasions (whether or not a quorum is present, if applicable) and for such period or periods of time as the Applicant deems advisable, without the necessity of first convening the Meeting or first obtaining any vote of the Twin Butte Securityholders respecting the adjournment or postponement. Notice of any such adjournment or postponement may be given by press release, newspaper advertisement, or by notice to the Twin Butte Securityholders by one of the methods specified in this Order, as determined to be the most appropriate method of communication by the Board (provided that such authorization shall not derogate from the rights of the Purchaser as the other party to the Arrangement Agreement). If the Meeting is adjourned or postponed in accordance with this Order, the references to the

Meeting in this Order shall be deemed to be the Meeting as adjourned or postponed, as the context allows.

Amendments to the Arrangement

16. The Applicant and the Purchaser are authorized to make such amendments, revisions or supplements to the Arrangement as they may together determine necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement and the Arrangement Agreement. The Arrangement so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Order.

Amendments to Meeting Materials

17. The Applicant is authorized to make such amendments, revisions or supplements ("**Additional Information**") to the Information Circular, each form of proxy (collectively, the "**Proxy**"), notice of the Meeting ("**Notice of Meeting**"), each form of letter of transmittal (collectively, the "**Letter of Transmittal**") and notice of Originating Application ("**Notice of Originating Application**") as it may determine, and the Applicant may disclose such Additional Information, including material changes, by the method and in the time most reasonably practicable in the circumstances as determined by the Applicant. Without limiting the generality of the foregoing, if any material change or material fact arises between the date of this Order and the date of the Meeting, which change or fact, if known prior to mailing of the Information Circular, would have been disclosed in the Information Circular, then:

(a) the Applicant may advise the Twin Butte Securityholders, the directors and auditors of Twin Butte and the Debenture Trustee of the material change or material fact by disseminating a news release ("**News Release**") in accordance with Applicable Canadian Securities Laws; and

(b) provided that the News Release describes the applicable material change or material fact in reasonable detail, the Applicant shall not be required to deliver an amendment to the Information Circular to the Twin Butte Securityholders, the

directors and auditors of Twin Butte and the Debenture Trustee or otherwise give notice to the Twin Butte Securityholders, the directors and auditors of Twin Butte and the Debenture Trustee of the material change or material fact other than dissemination or filing of the News Release as aforesaid.

Dissent Rights

18. The registered Shareholders are, subject to the provisions of this Order and the Arrangement, accorded the right to dissent under Section 191 of the ABCA with respect to the Arrangement Resolution and the right to be paid the fair value of their Shares by the Acquiror in respect of which such right to dissent was validly exercised.

19. In order for a registered Shareholder (a "**Dissenting Shareholder**") to exercise such right of dissent under subsection 191(5) of the ABCA:

(a) the Dissenting Shareholder's written objection to the Arrangement Resolution must be received by the Applicant, care of Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, Attention: Frederick D. Davidson, by 4:00 p.m. (Calgary time) on August 5, 2016 or by 4:00 p.m. (Calgary time) on such other date that is three Business Days immediately preceding the date that any adjournment or postponement of the Meeting is reconvened or held, as the case may be;

(b) a Dissenting Shareholder who fails to comply with the provisions of the right of dissent has no right to make a claim pursuant to the right of dissent, but shall instead receive the consideration to be given under the Arrangement as though no right of dissent was exercised in respect thereof;

(c) a vote against the Arrangement Resolution, whether in person or by proxy, shall not constitute a written objection to the Arrangement Resolution as required under paragraph 19(a) herein;

(d) a Dissenting Shareholder shall not have voted his, her or its Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

(e) a Shareholder may not exercise the right of dissent in respect of only a portion of the Shareholder's Shares, but may dissent only with respect to all of the Shares held by the Shareholder; and

(f) the exercise of such right of dissent must otherwise comply with the requirements of Section 191 of the ABCA, as modified and supplemented by this Order and the Arrangement.

20. The fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by the Shareholders at the Meeting and shall be paid to the Dissenting Shareholders by the Acquiror as contemplated by the Arrangement and this Order.

21. Dissenting Shareholders who validly exercise their right to dissent, as set out in paragraphs 18 and 19 above, and who:

(a) are determined to be entitled to be paid the fair value of their Shares, shall be deemed to have transferred such Shares as of the effective time of the Arrangement (the "**Effective Time**"), without any further act or formality and free and clear of all liens, claims and encumbrances to the Acquiror in exchange for the fair value of the Shares, net of withholding or other taxes; or

(b) are, for any reason (including, for clarity, any withdrawal by any Dissenting Shareholder of their dissent) determined not to be entitled to be paid the fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as a non-Dissenting Shareholder and such Shares will be deemed to be exchanged for the consideration under the Arrangement,

but in no event shall the Applicant, the Acquiror, the Purchaser or any other person be required to recognize such Shareholders as holders of Shares after the Effective Time, and the names of such Shareholders shall be removed from the register of Shares.

22. A Dissenting Shareholder shall be deemed to have transferred his, her or its Shares to the Acquiror as of the Effective Time on the Effective Date, notwithstanding the provisions of Section 191 of the ABCA.

23. Subject to further order of this Court, the rights available to the Shareholders under the ABCA and the Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient dissent rights for the Shareholders with respect to the Arrangement Resolution.

24. Notice to the Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Arrangement, the fair value of the consideration to which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be sufficiently given by including information with respect to this right as set forth in the Information Circular which is to be sent to Shareholders in accordance with paragraph 25 of this Order.

Notice

25. The Information Circular, substantially in the form attached as Exhibit "A" to the Affidavit, with such amendments thereto as counsel to the Applicant may determine necessary or desirable (provided such amendments are not inconsistent with the terms of this Order), and including the Notice of Meeting, the Proxy, the Notice of Originating Application and this Order, together with any other communications or documents determined by the Applicant to be necessary or advisable including the applicable Letter of Transmittal (collectively, the "**Meeting Materials**"), shall be sent to those Twin Butte Securityholders who hold Securities, as of the Record Date, the directors of the Applicant and the auditors of the Applicant, by any one or more of the following methods:

    (a) in the case of registered Twin Butte Securityholders, by pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to each such holder at his, her or its address, as shown on the books and records of the Applicant as of the Record Date not later than 21 days prior to the Meeting;

(b) in the case of non-registered Twin Butte Securityholders, by providing sufficient copies of the Meeting Materials to intermediaries, in accordance with National Instrument 54-101 – *Communication With Beneficial Owners of Securities of a Reporting Issuer*;

(c) in the case of the directors and auditors of the Applicant, by email, pre-paid first class or ordinary mail, by courier or by delivery in person, addressed to the individual directors or firm of auditors, as applicable, not later than 21 days prior to the date of the Meeting; and

(d) in the case of the Debenture Trustee, by facsimile, pre-paid registered mail, by courier or by delivery in person, addressed to the Debenture Trustee, in accordance with the Debenture Indenture.

26. Delivery of the Meeting Materials in the manner directed by this Order shall be deemed to be good and sufficient service upon the Twin Butte Securityholders, the directors and auditors of the Applicant and the Debenture Trustee of:

(a) the Originating Application;

(b) this Order;

(c) the Notice of the Meeting; and

(d) the Notice of Originating Application.

27. In the event of a postal strike, lockout or event that prevents, delays, or otherwise interrupts mailing or delivery of the Information Circular provided in paragraph 25 hereof (the "**Postal Service Disruption**"), the issuance of a press release containing details of the date, time and place of the Meeting, steps that may be taken by the Shareholders and Debentureholders to deliver or transmit proxies by delivery, internet voting or telephone and that the Information Circular will be provided by electronic mail or by courier upon request made by a Shareholder or Debentureholder, will be deemed good and sufficient service upon the Shareholders or Debentureholders of the

Information Circular and shall be deemed to satisfy the requirements of Section 134 of the *ABCA* and Section 14.2 of the Debenture Indenture.

Final Application

28. Subject to further order of this Court and provided that the Twin Butte Securityholders have approved the Arrangement in the manner directed by this Court and the directors of the Applicant have not revoked their approval, the Applicant may proceed with an application for a final Order of the Court approving the Arrangement (the "**Final Order**") on August 11, 2016 at 10:00 a.m. (Calgary time) or so soon thereafter as counsel may be heard. Subject to the Final Order and to the issuance of the proof of filing of the Articles of Arrangement, all Shareholders, all Debentureholders, the Applicant and all other persons will be bound by the Arrangement in accordance with its terms.

29. Any Twin Butte Securityholders or other interested party (other than the Purchaser or the Acquiror) (each an "**Interested Party**") desiring to appear and make submissions at the application for the Final Order is required to file with this Court and serve upon the Applicant, on or before 4:00 p.m. (Calgary time) on August 3, 2016 (or the Business Day that is five Business Days prior to the date of the Meeting if it is not held on August 10, 2016), a notice of intention to appear ("**Notice of Intention to Appear**") including the Interested Party's address for service (or alternatively, a facsimile number for service by facsimile or an email address for service by electronic mail), indicating whether such Interested Party intends to support or oppose the application or make submissions at the application, together with a summary of the position such Interested Party intends to advocate before the Court, and any evidence or materials which are to be presented to the Court. Service of this notice on the Applicant shall be effected by service upon the solicitors for the Applicant, c/o Burnet, Duckworth & Palmer LLP, Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1, facsimile: (403) 260-0332, Attention: Shannon Wray.

30. In the event that the application for the Final Order is adjourned, only those parties appearing before this Court for the Final Order, and those Interested Parties serving a

Notice of Intention to Appear in accordance with paragraph 29 of this Order, shall have notice of the adjourned date.

Leave to Vary Interim Order

31. The Applicant is entitled at any time to seek leave to vary this Order upon such terms and the giving of such notice as this Court may direct.

Signed "*Justice J.M. Ross*"

Justice of the Court of Queen's Bench of Alberta

APPENDIX C

ARRANGEMENT AGREEMENT

AMENDING AGREEMENT

THIS AMENDING AGREEMENT (the "**Agreement**") is made as of this 11th day of July, 2016.

BETWEEN:

REIGNWOOD RESOURCES HOLDING PTE. LTD., a corporation existing under the laws of the Republic of Singapore,

(the "**Purchaser**")

- and -

TWIN BUTTE ENERGY LTD., a corporation existing under the laws of the Province of Alberta,

(the "**Company**")

(collectively, the "**Parties**" and each of them is a "**Party**").

RECITALS:

A. The Purchaser and the Company entered into an arrangement agreement dated June 23, 2016 (the "**Arrangement Agreement**") and propose to consummate the transactions contemplated therein by way of an arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in the plan of arrangement attached as Schedule "B" to the Arrangement Agreement (the "**Plan of Arrangement**").

B. The Parties wish to amend the Arrangement Agreement.

NOW THEREFORE, in consideration of the premises and mutual agreements and covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties agree to amend the Arrangement Agreement on the terms and subject to the conditions set forth in this Agreement as follows:

1. Definitions

Whenever used in this Agreement (including the Recitals), unless there is something in the subject matter or context inconsistent therewith, capitalized terms that are used in this Agreement and not otherwise defined shall have the respective meanings ascribed to them in the Arrangement Agreement.

2. Amendments to Arrangement Agreement

The Arrangement Agreement is hereby amended as follows:

(a) Schedule "A" to the Arrangement Agreement shall be deleted in its entirety and replaced with the Schedule "A" attached to this Agreement; and

(b) Schedule "B" to the Arrangement Agreement shall be deleted in its entirety and replaced with the Schedule "B" attached to this Agreement.

3. Effect of Agreement

Other than the provisions of the Arrangement Agreement that are expressly being amended pursuant to the operation of Section 2 hereof, the Arrangement Agreement shall remain in full force and effect otherwise unamended by the operation of this Agreement, and the terms and conditions of the Arrangement Agreement, as modified by this Agreement, are hereby ratified and confirmed. Any reference to the Arrangement Agreement contained in the Arrangement Agreement or in any other document, instrument or agreement executed and/or delivered in connection with the Arrangement Agreement shall be deemed a reference to the Arrangement Agreement, as amended by this Agreement.

4. Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

5. Governing Law

This Agreement shall be governed by, and be construed in accordance with, the Laws of the Province of Alberta and the federal Laws of Canada applicable therein.

6. Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

[*The Remainder of this Page Has Been Intentionally Left Blank.*]

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

REIGNWOOD RESOURCES HOLDING PTE. LTD.

By: (signed) "*William Sun*"
Name: William Sun
Title: Chief Executive Officer

TWIN BUTTE ENERGY LTD.

By: (signed) "*Robert Wollmann*"
Name: Robert Wollmann
Title: President and Chief Executive Officer

By: (signed) "*R. Alan Steele*"
Name: R. Alan Steele
Title: Vice President, Finance, Chief Financial Officer and Corporate Secretary

SCHEDULE "A"
ARRANGEMENT RESOLUTION

(See attached.)

SCHEDULE "A"
ARRANGEMENT RESOLUTION

A. Shareholder Resolution

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Twin Butte Energy Ltd. (the "**Company**") and involving the holders of the common shares ("**Shares**") of the Company (the "**Shareholders**") and the holders (the "**Debentureholders**") of the 6.25% convertible unsecured subordinated debentures due December 31, 2018 of the Company (the "**Debentures**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and Reignwood Resources Trading UK Limited, as more particularly described and set forth in the management information circular of the Company (the "**Circular**") accompanying the notice of meeting dated ●, 2016, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated June 23, 2016 between the Purchaser and the Company, as amended by an amending agreement dated July ●, 2016 (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it may be or has been amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the Arrangement Agreement which is attached as Appendix ● to the Circular, is hereby authorized, approved and adopted.

3. Any action of the directors of the Company in approving the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any action of any director or officer of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any amendment, modification or supplement to any of the foregoing, and any transaction contemplated by any of the foregoing, is hereby ratified, authorized and approved.

4. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Circular).

5. Notwithstanding the passage of this resolution (and the adoption of the Arrangement) by the Shareholders and passage of the extraordinary resolution with respect to the Arrangement by the Debentureholders, or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to, or approval from, the Shareholders or the Debentureholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement and approval by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transaction at any time prior to the

issuance of a certificate by the Registrar of Corporations under the ABCA giving effect to the Arrangement.

6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be delivered, for filing with the Registrar of Corporations under the ABCA, the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and such other documents as are necessary or desirable to give full effect to the Arrangement and any related transaction in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement, certified copy of the Final Order and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed 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 such officer or director determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the performance of any such act or thing."

B. Debentureholder Resolution

"BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Twin Butte Energy Ltd. (the "**Company**") and involving the holders of the common shares ("**Shares**") of the Company (the "**Shareholders**") and the holders (the "**Debentureholders**") of the 6.25% convertible unsecured subordinated debentures due December 31, 2018 of the Company (the "**Debentures**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and Reignwood Resources Trading UK Limited, as more particularly described and set forth in the management information circular of the Company (the "**Circular**") accompanying the notice of meeting dated ●, 2016, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated June 23, 2016 between the Purchaser and the Company, as amended by an amending agreement dated July ●, 2016 (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it may be or has been amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the Arrangement Agreement which is attached as Appendix ● to the Circular, is hereby authorized, approved and adopted.

3. Any action of the directors of the Company in approving the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any action of any director or officer of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any amendment, modification or supplement to any of the foregoing, and any transaction contemplated by any of the foregoing, is hereby ratified, authorized and approved.

4. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Circular).

5. Notwithstanding the passage of this resolution (and the adoption of the Arrangement) by the Debentureholders and the passage of the special resolution with respect to the Arrangement by the Shareholders or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to, or approval from, the Shareholders or the Debentureholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement and approval by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transaction at any time prior to the issuance of a certificate by the Registrar of Corporations under the ABCA giving effect to the Arrangement.

6. The proper officers and authorized signatories of Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company) are hereby authorized and directed to execute and deliver all documents and instruments and to take such other actions as they may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

7. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be delivered, for filing with the Registrar of Corporations under the ABCA, the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and such other documents as are necessary or desirable to give full effect to the Arrangement and any related transaction in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement, certified copy of the Final Order and any such other documents.

8. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed 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 such officer or director determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the performance of any such act or thing."

SCHEDULE "B"
PLAN OF ARRANGEMENT

(See attached.)

PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE
***BUSINESS CORPORATIONS ACT* (ALBERTA)**

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless otherwise provided for herein, capitalized terms used but not otherwise defined in this Plan of Arrangement shall have the respective meanings ascribed to such terms in the Arrangement Agreement (as defined below) and the following words and terms shall have the respective meanings set forth below:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquiror**" means Reignwood Resources Trading UK Limited, a private limited company existing under the laws of England and Wales;

"**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws as are binding upon or applicable to such Person or Persons or his/her/its/their business, assets undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or his/hers/its/their business, assets, undertaking, property or securities;

"**Arrangement**" means the arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.1 of the Arrangement Agreement and Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated June 23, 2016 between the Purchaser and the Company (including the schedules thereto) as such agreement may be amended, modified or supplemented from time to time in accordance with the terms thereof, providing for, among other things, the Arrangement;

"**Arrangement Resolution**" means, as applicable:

(a) the special resolution in respect of the Arrangement considered and voted upon by the Shareholders at the Company Meeting; and

(b) the extraordinary resolution in respect of the Arrangement considered and voted upon by the Debentureholders at the Company Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company 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, which shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**Board of Directors**" means the board of directors of the Company;

"**Business Day**" means any day, other than a Saturday, Sunday or a day generally observed as a holiday under Applicable Laws, on which the principal commercial banks in Calgary, Alberta, Canada, Singapore and London, United Kingdom are generally open for the transaction of commercial banking business during normal banking hours;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations, or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Company**" means Twin Butte Energy Ltd., a corporation existing under the laws of the Province of Alberta;

"**Company Meeting**" means the annual and special meeting of Securityholders, including any adjournment or postponement thereof, called and held in accordance with the Arrangement Agreement and the Interim Order to permit the Securityholders to consider, among other things, the Arrangement Resolution and related matters;

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

"**Debenture Consideration**" means, for each $1,000 principal amount of Debentures, $140, plus accrued and unpaid interest payable thereon up to but excluding the Effective Date;

"**Debenture Indenture**" means the convertible debenture indenture dated as of December 13, 2013 between the Company and the Debenture Trustee providing for the issue of the Debentures;

"**Debenture Trustee**" means Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company), in its capacity as trustee under the Debenture Indenture;

"**Debentureholders**" means the registered or beneficial holders of Debentures, as the context requires;

"**Debentureholder Letter of Transmittal**" means the letter of transmittal sent by the Company to Debentureholders pursuant to which Debentureholders are required to deliver the certificates representing their respective Debentures to the Depositary to receive, upon completion of the Arrangement, in exchange for each $1,000 principal amount of Debentures, the Debenture Consideration;

"**Debentures**" means the 6.25% convertible unsecured subordinated debentures of the Company due December 31, 2018;

"**Depositary**" has the meaning ascribed to it in the Arrangement Agreement;

"**Dissent Rights**" means the right of a Dissenting Shareholder pursuant to Section 191 of the ABCA (as modified by the Interim Order) and the Interim Order and Article 5 hereof to dissent to the applicable Arrangement Resolution and to be paid the fair value of the Shares in respect of which the holder dissents, in accordance with Section 191 of the ABCA (as modified by the Interim Order) and the Interim Order and Article 5 hereof;

"**Dissenting Shareholder**" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights at the Effective Time, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Calgary time), or such other time as may be agreed to in writing by the Company and the Purchaser, on the Effective Date;

"**Final Order**" means the final order of the Court approving the Arrangement to be granted pursuant to Subsection 193(9) of the ABCA, as such order may be amended by the Court subject to Section 6.1(c) of the Arrangement Agreement;

"**Former Debentureholder**" means a Person who is a registered Debentureholder, as shown on the register of Debentures, immediately prior to the Effective Time;

"**Former Shareholder**" means a Person who is a registered Shareholder, as shown on the register of Shares, immediately prior to the Effective Time;

"**Governmental Authority**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau, agency or instrumentality, domestic or foreign, (b) subdivision, agent, commission, board or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, as contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court subject to Section 6.1(a) of the Arrangement Agreement;

"**Law**" or "**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, codes, guidelines, or other requirements, whether domestic or foreign, and the terms and conditions of any grant of

approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, issued or applied by any Governmental Authority or self-regulatory authority;

"**Person**" includes any individual, firm, limited or general partnership, limited liability company, limited liability partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**", "**herein**", "**hereunder**" and similar expressions mean this plan of arrangement under Section 193 of the ABCA, and any amendments or variations hereto made in accordance with Section 7.1 of the Arrangement Agreement and Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Purchaser**" means Reignwood Resources Holding Pte. Ltd., a corporation existing under the laws of the Republic of Singapore;

"**Purchaser Loan**" has the meaning ascribed to it in the Arrangement Agreement;

"**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;

"**Securityholders**" means, collectively, the Shareholders and the Debentureholders;

"**Share Consideration**" means $0.06 in cash per Share;

"**Shareholder Letter of Transmittal**" means the letter of transmittal sent by the Company to Shareholders pursuant to which Shareholders are required to deliver certificates representing Shares to the Depositary to receive, on completion of the Arrangement, in exchange for each Share, the Share Consideration;

"**Shareholders**" means the registered or beneficial holders of the Shares, as the context requires;

"**Shares**" means the common shares in the capital of the Company, as constituted on the Effective Date; and

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

1.2 Certain Rules of Interpretation

In this Plan of Arrangement:

(a) Consent – Whenever a provision of this Plan of Arrangement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) Governing Law – This Plan of Arrangement shall be governed by, and be construed in accordance with, the Laws of the Province of Alberta and the federal Laws of Canada applicable therein.

(d) Headings – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(e) Including – Where the word "including" or "includes" is used in this Plan of Arrangement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Plan of Arrangement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(i) Time – Time is of the essence in the performance of the Parties' respective obligations.

(j) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.

2.2 Binding Effect

Upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, this Plan of Arrangement and the Arrangement shall become effective and be binding on the Company, the Purchaser, the Acquiror, all legal and beneficial Shareholders (including those Shareholders exercising Dissent Rights described in Article 5) and

Debentureholders, the registrar and transfer agent in respect of the Shares, the Debenture Trustee and the Depositary at, and after, the Effective Time, without any further act or formality required on the part of any Person.

2.3 Filing of the Articles of Arrangement

The Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of this Plan of Arrangement shall become effective unless all of the provisions of this Plan of Arrangement shall have become effective in the sequence provided herein. The Certificate of Arrangement shall be conclusive proof that the Arrangement has become effective and that each of the events or transactions set forth in Section 3.1 has become effective in the sequence and at the time set out therein. If no Certificate of Arrangement is required to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA, the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to Subsection 193(10) of the ABCA.

ARTICLE 3
THE ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, each of the following events or transactions set out in this Section 3.1 shall occur, and shall be deemed to occur, consecutively in the order and at the times set out in this Section 3.1, without any further authorization, act or formality, except as otherwise provided herein:

(a) prior to the Filing Date in accordance with Section 3.7 of the Arrangement Agreement, the Acquiror shall advance in full by wire transfer of immediately available funds to the Depositary the Purchaser Loan, which as of the Effective Time, shall be deemed to be for the account of the Lenders under the Company's Credit Facilities and will be evidenced by a demand promissory note in form and substance reasonably satisfactory to the Acquiror and the Company;

(b) the Depositary shall acknowledge that the Acquiror has deposited in accordance with Section 4.1(c) the Purchaser Loan with the Depositary to be held in a segregated account by the Depositary that will be used by the Depositary, on behalf of the Company, to repay indebtedness of the Company under the Credit Facilities in accordance with Section 3.7 of the Arrangement Agreement;

(c) subject to Section 5.1, each of the Shares held by Dissenting Shareholders shall be, and shall be deemed to have been, transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and:

(i) such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value for such Shares in accordance with the Dissent Rights;

(ii) such Dissenting Shareholders' names shall be removed as the holders of such Shares from the registers of Shares maintained by or on behalf of the Company; and

(iii) the Acquiror's name shall be added as holder of Shares on the registers of Shares maintained by or on behalf of the Company with respect to the Shares acquired from the Dissenting Shareholders;

(d) each Share outstanding immediately prior to the Effective Time, other than those Shares acquired by the Acquiror pursuant to Section 3.1(c), shall be, and shall be deemed to have been, transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) in exchange for the Share Consideration, which amount shall be paid to the holder of such Share pursuant to and in accordance with Section 4.3(a) from the funds deposited with the Depositary under Section 4.1(a) (and, for greater certainty, the Acquiror or the Depositary shall be entitled to withhold or deduct any amounts in accordance with Section 4.7) and, in respect of each Share so acquired:

(i) each Former Shareholder, other than Dissenting Shareholders in respect of Shares acquired by the Acquiror pursuant to Section 3.1(c), shall be entitled to receive from the Acquiror or the Depositary, for each Share so transferred, the Share Consideration and in exchange therefor, shall concurrently cease to be the holder of such Share and such holder's name shall be removed from the securities register of the Company in respect of such Share at such time; and

(ii) the Acquiror shall be deemed to be the legal and beneficial owner of such Share at the time of the exchange pursuant to this Section 3.1(d) and shall be entered in the securities register of the Company as the holder thereof;

(e) each Debenture outstanding immediately prior to the Effective Time shall be, and shall be deemed to have been, transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) in exchange for the Debenture Consideration, which amount shall be paid to the holder of such Debenture pursuant to and in accordance with Section 4.3(c) from the funds deposited with the Depositary under Section 4.1(b) (and, for greater certainty, the Acquiror or the Depositary shall be entitled to withhold or deduct any amounts in accordance with Section 4.7) and, in respect of each Debenture so acquired:

(i) each Former Debentureholder shall be entitled to receive from the Acquiror or the Depositary, for each Debenture so transferred, the Debenture Consideration and in exchange therefor, shall concurrently cease to the holder of such Debenture and such holder's name shall be removed from the register of Debentureholders of the Company in respect of such Debenture at such time; and

(ii) the Acquiror shall be deemed to be the legal and beneficial owner of such Debenture at the time of the exchange pursuant to this Section 3.1(e) and shall be entered in the register of Debentureholders of the Company as the holder thereof; and

(f) all of the Debentures shall be, and shall be deemed to be, irrevocably, finally and fully settled and extinguished by the issuance by the Company to the Acquiror of 198,333,333 Shares in full and final settlement of, and in exchange for, the Debentures. The Shares issued pursuant to this Section 3.1(f) shall be, and shall be deemed to be, received in full and final settlement, extinguishment, discharge and release of the Debentures, the Debenture Indenture and all Claims relating to the Debentures and the Debenture Indenture.

For greater certainty, no Event of Default (as such term is defined in the Debenture Indenture) shall occur or shall be deemed to have occurred and be continuing as at the Effective Time and any Event of Default that has occurred or has been deemed to occur on or prior to the Effective Time shall be and shall be deemed to be waived, cured, cease to exist and of no force and effect as at the Effective Time. No consideration other than the Debenture Consideration contemplated by this Section 3.1 will be owed to, received by or paid to any Debentureholder in respect of the Debentures, the Debenture Indenture or any agreement in respect thereof. Each Debentureholder transferring such Debentureholder's Debentures pursuant to Section 3.1(e) shall cease to be the holder of the Debentures so transferred and shall cease to have any rights with respect to such Debentures.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration and Purchaser Loan

In accordance with Sections 2.8 and 3.7 of the Arrangement Agreement, the Acquiror shall deposit:

(a) for the benefit of the Shareholders, cash with the Depositary in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement (with the amount per Share in respect of which Dissent Rights have been exercised being deemed to be the Share Consideration per applicable Share for this purposes only);

(b) for the benefit of the Debentureholders, cash with the Depositary in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement; and

(c) for the benefit of the Lenders under the Credit Facilities, the Purchaser Loan.

In each case, the cash so deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Acquiror.

4.2 Certificates

From and after the Effective Time, each certificate formerly representing Shares and Debentures shall represent only the right to receive:

(a) in the case of certificates held by Dissenting Shareholders, other than those Dissenting Shareholders who are deemed to have participated in the Arrangement pursuant to Section 5.1, as applicable, the fair value of the Shares represented by such certificates as provided for in the Interim Order and Article 5;

(b) in the case of all other Shareholders, the amount of cash the Former Shareholder of the Shares represented by the certificate is entitled to in accordance with the terms and subject to the conditions of this Plan of Arrangement upon such Former Shareholder complying with Section 4.3(a); and

(c) in the case of Debentureholders, the amount of cash the Former Debentureholder of the Debentures represented by the certificate is entitled to in accordance with the terms and subject to the conditions of this Plan of Arrangement upon such Former Debentureholder complying with Section 4.3(c).

4.3 Payment of Consideration by Depositary

(a) Upon the surrender to the Depositary for cancellation of a certificate or certificates which, immediately prior to the Effective Time, represented outstanding Shares that were transferred pursuant to Section 3.1(d), together with a duly completed and executed Shareholder Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such Shares represented by such surrendered certificate(s) shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder, a cheque (or other form of immediately available funds) in the amount of the Share Consideration which such Shareholder has the right to receive under this Plan of Arrangement for such Shares, less any amounts deducted or withheld pursuant to Section 4.7 in accordance with the applicable Shareholder Letter of Transmittal, and any certificate(s) so surrendered shall forthwith be cancelled.

(b) Subject to Section 4.6, until surrendered for cancellation as contemplated by Section 4.3(a), each certificate that immediately prior to the Effective Time represented Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment as contemplated in Section 4.3(a) or Article 5, as the case may be, less any amounts deducted or withheld pursuant to Section 4.7.

(c) The Depositary shall deliver the consideration in respect of those Debentures which are represented by a Global Debenture (as such term is defined in the Debenture Indenture) to the Depository (as defined in the Debenture Indenture) in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. A Debentureholder whose interest in Debentures is not represented by a Global Debenture shall, upon surrender to the Depositary for

cancellation of a certificate or certificates which, immediately prior to the Effective Time, represented outstanding Debentures that were transferred pursuant to Section 3.1(e), together with a duly completed and executed Debentureholder Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such Debentures represented by such surrendered certificate(s) shall be entitled to receive, and the Depositary shall deliver to such holder, a cheque (or other form of immediately available funds) in the amount of the Debenture Consideration which such Debentureholder has the right to receive under this Plan of Arrangement for such Debentures, less any amounts deducted or withheld pursuant to Section 4.7 in accordance with the applicable Debentureholder Letter of Transmittal, and any certificate(s) so surrendered shall forthwith be cancelled.

(d) Subject to Section 4.6, until surrendered for cancellation as contemplated by Section 4.3(c), each certificate that immediately prior to the Effective Time represented Debentures shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment as contemplated in Section 4.3(c), less any amounts deducted or withheld pursuant to Section 4.7.

4.4 Lost Certificates

If any certificate which immediately prior to the Effective Time represented an interest in outstanding Shares or Debentures that were transferred 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, distributions or interest, as applicable, 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 satisfactory to each of the Purchaser, the Acquiror, the Company and the Depositary in such form as is satisfactory to the Purchaser, the Acquiror, the Company and the Depositary, or shall otherwise indemnify the Purchaser, the Acquiror, the Company and the Depositary, to the reasonable satisfaction of such parties, against any Claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 No Dividends or Interest after the Effective Time

(a) From and after the Effective Time, the Shareholders shall not be entitled to any dividend, distribution or other payment or consideration on or with respect to Shares other than the cash payment that they are entitled to receive pursuant to this Plan of Arrangement.

(b) From and after the Effective Time, the Debentureholders shall not be entitled to any interest or other payment or consideration on or with respect to Debentures other than the cash payment that they are entitled to receive pursuant to this Plan of Arrangement.

4.6 Failure to Deposit Certificates

Subject to any Applicable Laws relating to unclaimed personal property, any certificate formerly representing Shares or Debentures that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive the cash payment hereunder that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a Former Shareholder or Former Debentureholder, as applicable, to receive the consideration for such Shares or Debentures, as applicable pursuant to this Plan of Arrangement (and any interest, dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to the Acquiror (or any successor), for no consideration. In such case, any cash (including any interest, dividends or other distributions) shall be returned to the Acquiror (or any successor).

4.7 Withholdings

The Company, the Purchaser, the Acquiror and the Depositary, as applicable, shall be entitled to deduct or withhold from, or in respect of, any interest, dividend (including any deemed dividend), distribution or other payment (including any payment pursuant to Section 5.1) or consideration payable to any Person, such amounts as the Company, the Purchaser, the Acquiror or the Depositary, as applicable, determines, acting reasonably, are required or permitted to be deducted or withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986*, as amended, or any provision of any other Applicable Law. To the extent that amounts are so deducted or withheld and paid over to the applicable Governmental Authority, such deducted or withheld amounts shall be treated, for all purposes of this Plan of Arrangement, as having been paid to the Person in respect of whom such deduction or withholding was made.

ARTICLE 5
DISSENT RIGHTS

5.1 Dissent Rights

Each registered holder of Shares shall have Dissent Rights 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 Shares and shall only be entitled to be paid the fair value of such holder's Shares by the Acquiror net of all withholding or other taxes. A Dissenting Shareholder shall be deemed to have transferred the holder's Shares to the Acquiror at the Effective Time, notwithstanding the provisions of Section 191 of the ABCA. A Dissenting Shareholder who is, for any reason, not entitled to be paid the fair value of the holder's Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares, notwithstanding the provisions of Section 191 of the ABCA. The fair value of the Shares held by a Dissenting Shareholder shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by Shareholders at the Company Meeting.

5.2 Recognition of Dissenting Shareholders

(a) In no circumstances shall the Purchaser, the Acquiror, the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no event shall the Company, the Purchaser or the Acquiror be required to recognize any Dissenting Shareholder as a securityholder of the Company after the Effective Time and the names of such holders shall be removed from the register of Shareholders as at the Effective Time and the Acquiror shall be recorded as the holder of the Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of all liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever. In addition to any other restrictions in Section 191 of the ABCA, none of the following shall be entitled to exercise Dissent Rights: (i) Debentureholders; and (ii) any Person who has voted or who has instructed a proxyholder to vote in favour of the Arrangement. A Dissenting Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of its Shares.

ARTICLE 6
AMENDMENTS

6.1 Amendment to the Plan of Arrangement

(a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any such amendment, modification and/or supplement must be:

(i) set out in writing;

(ii) approved in writing in advance by the Company and the Purchaser;

(iii) filed with the Court and, if made following the Company Meeting, approved by the Court; and

(iv) communicated to Securityholders if and as required by the Court.

(b) Any amendment, modification and/or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to or at the Company Meeting (provided that the other party shall have consented in writing prior thereto) with or without any other prior notice or communication and, if so proposed and accepted, in the manner contemplated and to the extent required by the Arrangement Agreement, by the Shareholders and, if such amendment, modification and/or supplement affects Debentureholders, Debentureholders (in each case, other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification and/or supplement to this Plan of Arrangement which is approved or directed by the Court following the Company Meeting and prior to the Effective Time shall be effective only:

(i) if it is consented to in writing by the Company and the Purchaser, each acting reasonably; and

(ii) if required by the Court, it is consented to by Shareholders and, if it affects Debentureholders, Debentureholders, in each case voting in the manner directed by the Court.

(d) This Plan of Arrangement may be amended, modified and/or supplemented following the Effective Time unilaterally by the Purchaser, provided that it concerns a matter that, in the reasonable opinion of the Purchaser, 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 interest of any former Securityholder.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Acts

Notwithstanding that the transactions and events set out herein shall occur and shall 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 either of them in order further to document or evidence any of the transactions or events set out herein.

7.2 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to Shares and Debentures issued prior to the Effective Time; (b) the rights and obligations of the Shareholders and the Debentureholders, and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Shares and Debentures shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARRANGEMENT AGREEMENT

BETWEEN

REIGNWOOD RESOURCES HOLDING PTE. LTD.

- and -

TWIN BUTTE ENERGY LTD.

June 23, 2016

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is made this 23rd day of June, 2016,

BETWEEN:

REIGNWOOD RESOURCES HOLDING PTE. LTD., a corporation existing under the laws of the Republic of Singapore,

(the "**Purchaser**")

- and -

TWIN BUTTE ENERGY LTD., a corporation existing under the laws of the Province of Alberta,

(the "**Company**")

(collectively, the "**Parties**" and each of them is a "**Party**")

RECITALS:

A. The Purchaser proposes to acquire all of the issued and outstanding common shares of the Company and all of the outstanding 6.25% convertible unsecured subordinated debentures of the Company due December 31, 2018.

B. The Parties intend to carry out the transactions contemplated herein by way of an arrangement under Section 193 of the *Business Corporations Act* (Alberta) on the terms and subject to the conditions set out in the Plan of Arrangement (as defined below) attached hereto as Schedule "B".

C. The Purchaser has entered into voting support agreements, each dated as of the date hereof, with all of the directors and senior officers of the Company, pursuant to which, among other things, such parties have agreed, subject to the terms and pursuant to the conditions thereof, to vote, as applicable, all of the Shares, Options and Debentures (as such terms are defined below) held by them in favour of the Arrangement (as defined below).

D. In furtherance of the foregoing, the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the Arrangement.

THEREFORE, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, including the Preamble and Recitals hereto, unless the context

otherwise requires, the following words and terms have the respective meanings set out below:

"**Abandonment and Reclamation Liabilities**" means all past, present and future obligations to:

(a) abandon wells and close, decommission, dismantle and remove structures, foundations, buildings, pipelines, equipment and other facilities located on the Lands or lands pooled or unitized therewith or used or previously used in respect of Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith; and

(b) restore, remediate and reclaim the surface and subsurface locations thereof and lands used to gain access thereto, including such obligations relating to wells, pipelines and facilities that were abandoned or decommissioned prior to the Effective Date that were located on the Lands or lands pooled or unitized therewith or that were located on other lands and used in respect of Petroleum Substances produced or previously produced from the Lands or lands pooled or unitized therewith;

all in accordance with generally accepted oil and gas industry practices in Canada and in compliance with Applicable Laws;

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquisition Proposal**" means any inquiry or the making of any proposal or offer by any Person, or group of Persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*), other than the Purchaser or any Person acting jointly or in concert with the Purchaser and excluding the Transaction, whether or not such proposal or offer is subject to due diligence or other conditions and whether such proposal or offer is made orally 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):

(a) any direct or indirect sale, issuance or acquisition of securities of the Company that, when taken together with any securities of the Company held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, and assuming the conversion of any convertible securities held by the proposed acquiror, and any Person acting jointly or in concert with such acquiror, would constitute beneficial ownership of 20% or more of the outstanding voting securities of the Company or rights or interests therein;

(b) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), in a single transaction or a series of related transactions, of any assets representing 20% or more of the assets of the Company;

(c) a plan of arrangement, amalgamation, merger, business combination, consolidation, share exchange, recapitalization, liquidation, dissolution, reorganization or similar transaction involving the Company;

(d) any direct or indirect take-over bid, issuer bid or exchange offer involving the Company; or

(e) any other transaction or series of transactions, the consummation of which would reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the consummation of the Arrangement, or which would or could reasonably be expected to materially reduce the benefits to the Purchaser of the Arrangement;

except that for the purpose of the definition of "**Superior Proposal**", the references in this definition of "**Acquisition Proposal**" to "20% or more of the outstanding voting securities" shall be deemed to be references to "50% or more of the outstanding voting securities", and the references to "20% or more of the assets" shall be deemed to be references to "all or substantially all of the assets";

"**affiliate**" and "**associate**" have the respective meanings ascribed to them in the Securities Act;

"**Agent**" means National Bank of Canada, in its capacity as administrative agent for the Lenders under the Credit Agreement;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and other similar expressions mean and refer to this Arrangement Agreement, including all schedules hereto, and all amendments or restatements, as permitted, and references to "Article", "Section" or "Schedule" mean the specified Article, Section or Schedule of this Agreement;

"**Agreement Date**" means June 23, 2016;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder and the rules and policies of the TSX, in each case as such may be amended from time to time prior to the Effective Date;

"**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws as are binding upon or applicable to such Person or Persons or his/her/its/their business, assets undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or his/hers/its/their business, assets, undertaking, property or securities;

"**Arrangement**" means the arrangement involving the Purchaser, the Company, the Securityholders and other parties under Section 193 of the ABCA on the terms and subject to the conditions set out in this Agreement and the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.1 of this Agreement and Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Resolution**" means, as applicable:

(a) the special resolution in respect of the Arrangement to be considered and voted upon by the Shareholders and, subject to the occurrence of the events described in Section 2.9(f), the Optionholders, voting together as a class, at the Company Meeting; and

(b) the extraordinary resolution in respect of the Arrangement to be considered and voted upon by the Debentureholders at the Company Meeting,

such special resolution or extraordinary resolution, as the case may be, to be substantially in the form and content attached to this Agreement as Schedule "A", which such modifications and amendments as may be satisfactory to the Company and the Purchaser, each acting reasonably;

"**Articles of Arrangement**" means the articles of arrangement of the Company 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, which shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**Assets**" means, collectively, the Petroleum and Natural Gas Rights, the Tangibles, the Miscellaneous Interests, the Title and Operating Documents and the Seismic Data;

"**Balance Sheet**" has the meaning ascribed to it in Section 5.1(p)(i)(A);

"**Bank Consent**" has the meaning ascribed to it in Section 6.2(k);

"**Blackout Awards**" means the 1,080,850 Restricted Awards to be granted after the Agreement Date;

"**Board of Directors**" or "**Board**" means the board of directors of the Company;

"**Books and Records**" means the books and records of the Company, including financial, corporate, operations and sales books, records, books of account, sales and purchase records, lists of suppliers and customers, formulae, business reports, plans and projections and all other documents, surveys, plans, files, records, assessments, correspondence, other data and information, financial or otherwise, including all data, information and databases stored on computer-related or other electronic media, and all minute books and related corporate records, including all minutes and written resolutions of the Board of Directors or the Shareholders;

"**Break Fee**" has the meaning ascribed to it in Section 8.2(c);

"**Break Fee Event**" has the meaning ascribed to it in Section 8.2(c);

"**Business Day**" means any day, other than a Saturday, a Sunday or a day generally observed as a holiday under Applicable Laws, on which the principal commercial banks in Calgary, Alberta Canada, Singapore and London, United Kingdom are generally open for the transaction of commercial banking business during normal banking hours;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations, or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Closing**" has the meaning ascribed to it in Section 2.7(c);

"**Commissioner**" means the Commissioner of Competition appointed under the Competition Act or any Person authorized to exercise the powers and perform the duties of the Commissioner of Competition and includes the Commissioner's representatives, where the context requires;

"**Company**" has the meaning ascribed to it in the Preamble;

"**Company Circular**" means the notice of the Company Meeting and accompanying management information circular of the Company, including all appendices, schedules and exhibits thereto, and instruments of proxy to be sent to, among others, the Securityholders of record in accordance with the Interim Order in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Disclosure Letter**" means the letter dated as of the Agreement Date regarding this Agreement and providing disclosure of certain information regarding the Company contemplated herein and provided by the Company to the Purchaser prior to the execution and delivery of this Agreement;

"**Company Executives**" means, collectively, Rob Wollmann, Alan Steele, David Middleton, Claude Gamache and Gordon Howe;

"**Company Information**" means the information describing the Company and its business, assets, operations and affairs required to be included in the Company Circular (including information incorporated into the Company Circular by reference) under Applicable Canadian Securities Laws;

"**Company Meeting**" means the annual and special meeting of the Securityholders, to be called and held in accordance with this Agreement and the Interim Order to permit the Securityholders to consider, among other things, the Arrangement Resolution and related matters, and any adjournment(s) thereof;

"**Company Plans**" means plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered, regarding health, medical, dental, welfare, supplemental unemployment benefit, bonus, profit sharing, option, insurance, incentive compensation, deferred compensation, change in control, retention, employment, employee loan, severance, share purchase, share compensation, fringe benefit, retiree medical, disability, pension, retirement or supplemental retirement plan, to which the Company is a party or bound or in which any Employees or former Employees participate or under which the Company has, or will

have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or any entitlement to payments or benefits may arise with respect to any of Employees or former Employees, directors or officers, individuals working on contract with the Company or other individuals providing services to any of them of a kind normally provided by Employees (or any spouses, dependants, survivors or beneficiaries of any such Persons), excluding statutory benefit plans to which the Company is required to participate;

"**Company Representatives**" has the meaning ascribed to it in Section 3.4(a)(i);

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

"**Competition Act Approval**" means the occurrence of one or more of the following:

(a) an advance ruling certificate (an "**ARC**") issued by the Commissioner pursuant to Section 102 of the Competition Act shall have been in respect of the Arrangement on terms satisfactory to the Parties acting reasonably;

(b) the Commissioner shall have waived the obligation to notify and supply information under Part IX of the Competition Act pursuant to Subsection 113(c) of the Competition Act ("**Waive**r") in respect of the Arrangement and confirmed in writing that the Commissioner does not, at that time, intend to file an application under Section 92 of the Competition Act (a "**No-Action Letter**") in connection with the Arrangement, on terms satisfactory to the Parties acting reasonably, and such Waiver and No-Action Letter remain in full force and effect; or

(c) the Parties shall have notified the Commissioner of the Arrangement under Section 114 of the Competition Act and the waiting period under Section 123 of the Competition Act shall have expired or been terminated and the Commissioner shall have issued a No-Action Letter in connection with the Arrangement, on terms satisfactory to the Parties acting reasonably, and such No-Action Letter remains in full force and effect;

"**Confidentiality Agreement**" means the confidentiality agreement dated February 20, 2016 between the Company and the Purchaser;

"**Contract**" means any contract, licence, lease, instrument, agreement, promise, undertaking, understanding, arrangement, document, commitment, entitlement or engagement to which the Company is a party or by which it is bound or under which the Company has, or will have, any obligation, liability or contingent liability or is owed any obligation or to which any of its assets or property is subject (in each case, whether written or oral, express or implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees;

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

"**Credit Agreement**" means the amended and restated credit agreement dated January 15, 2016 among the Company, as borrower, the Agent, as administrative agent, and the Lenders, as lenders, as amended by the limited waiver and agreement dated April 11, 2016, the waiver and

first amending agreement dated as of April 30, 2016, the second amending agreement dated as of May 26, 2016, the third amending agreement dated as of May 31, 2016, the fourth amending agreement dated as of June 1, 2016, the fifth amending agreement dated as of June 2, 2016, the sixth amending agreement dated as of June 8, 2016 with effect from and as of June 7, 2016, the seventh amending agreement dated as of June 9, 2016, the eighth amending agreement dated as of June 21, 2016, the ninth amending agreement dated as of June 22, 2016 and the Forbearance Agreement;

"**Credit Facilities**" means, collectively, the Non-Revolving Facility and the Revolving Facility;

"**Data Room**" means the electronic data room hosted by Peters & Co. Limited in connection with the Transaction;

"**Data Room Information**" means the information contained in the files, reports, data, documents and other materials relating to the Company provided in the Data Room, whether or not password protected, in each case to which access was provided by the Company to the Purchaser and the Purchaser Representatives on or before the Agreement Date;

"**Debenture Consideration**" means, for each $1,000 principal amount of Debentures, $140, plus accrued and unpaid interest payable thereon up to but excluding the Effective Date;

"**Debenture Indenture**" means the convertible debenture indenture dated as of December 13, 2013 between the Company and the Debenture Trustee providing for the issue of the Debentures;

"**Debenture Trustee**" means Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company), in its capacity as trustee under the Debenture Indenture;

"**Debentureholder Approval**" has the meaning ascribed to it in Section 2.2(c);

"**Debentureholders**" means the registered or beneficial holders of Debentures, as the context requires;

"**Debentures**" means the 6.25% convertible unsecured subordinated debentures of the Company due December 31, 2018;

"**Depositary**" means Computershare Trust Company of Canada, or such other Person that may be appointed by the Parties in connection with the Arrangement for the purpose of receiving deposits of certificates formerly representing the Shares and the Debentures and the payment of the Share Consideration and the Debenture Consideration and the amounts required under the Lender Payout Letter (as the case may be);

"**Depositary Agreement**" means the depositary agreement to be entered into among the Company, the Purchaser and the Depositary;

"**Derivative Contract**" means a financial risk management Contract, such as a currency, commodity, interest or equity related instrument, including but not limited to rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, production sales

transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions;

"**Disclosing Party**" has the meaning ascribed to it in Section 3.3(b)(iii);

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement and the Interim Order;

"**Effective Date**" means the date the Arrangement becomes effective under the ABCA, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means 12:01 a.m. (Calgary time), or such other time as may be agreed by the Purchaser and the Company, on the Effective Date;

"**Employee Obligations**" means all obligations or liabilities of the Company to pay any amount to, or on behalf of, its Employees or consultants, other than salary (or retainer in the case of directors) and vacation pay in the ordinary course of business and in each case in amounts consistent with historic practices, pursuant to all employment, consulting services and change of control agreements (including the Employment Agreements), termination, severance and retention plans or policies for severance, termination or bonus payments and any payments or compensation pursuant to any other Company Plans (excluding the outstanding Incentive Awards), resolutions of the Board of Directors or otherwise required pursuant to Applicable Laws;

"**Employees**" means those individuals employed by the Company, on a full-time, part-time or temporary basis, including directors, Company Executives, employees and direct service providers, and those employees on disability leave, parental leave or other leave of absence, and "**Employee**" means any one of them;

"**Employment Agreements**" means Contracts, other than the Company Plans, whether oral or written, relating to an Employee, including any communication or practice relating to an Employee, which imposes any obligation on the Company;

"**Encumbrance**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, outstanding demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or assets, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Laws, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein or capable of becoming any of the foregoing;

"**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 and all sewer systems;

"**Environmental Laws**" means, with respect to any Person or its business, activities, property, assets or undertaking, all Laws regulating, relating to, or imposing liability or standards of conduct concerning the Environment or health and safety matters of the jurisdictions applicable to such Person or its business, activities, property, assets or undertaking, including, without limitation, Laws governing the use and storage of Hazardous Substances;

"**Environmental Liabilities**" means:

(a) Claims resulting from the past, present or future use, storage, holding, handling, transportation, release, spill, emission, leaching, escape or migration of any substance or waste including any substance or waste regulated under Environmental Laws;

(b) Claims in respect of past, present or future pollution or contamination of, or damage or injury to, the Environment;

(c) obligations to test, monitor, remediate, protect or clean-up the Environment;

(d) Claims under Environmental Laws or in respect of Environmental Orders; and

(e) all Abandonment and Reclamation Liabilities;

that relate to or that have arisen or hereafter arise from or in respect of past, present or future Operations, including obligations to compensate third parties for losses, damages and injury in connection therewith;

"**Environmental Orders**" means Orders issued, filed, imposed or threatened by any Governmental Authority pursuant to any Environmental Laws and include certificates of property use and Orders requiring investigation, assessment, monitoring, managing, controlling, treatment, removal, excavation or remediation of any site or Hazardous Substance, or requiring that any Release or any other activity be reduced, modified, managed, controlled, stopped, eliminated or remediated or requiring any form of payment or co-operation be provided to any Governmental Authority;

"**Environmental Permit**" means any permit, license, approval, consent, certificate, waiver, registration, notification, exemption or authorization required or issued by any Governmental Authority under or in connection with any Environmental Laws;

"**ESSP**" means the company stock savings plan of the Company dated April 2009 and established effective April 1, 2009;

"**Facilities**" means those facilities and pipelines disclosed in writing by the Company;

"**Fairness Opinion**" means the opinion of Peters & Co. Limited, the independent financial advisor to the Company, to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the consideration to be received by the Shareholders under the Arrangement is fair, from a financial point of view, to the Shareholders;

"**Filing Date**" means the date on which the Articles of Arrangement will be filed with the Registrar, which date will be as soon as is practicable and in any event no later than the fifth Business Day after the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction of those conditions capable of being satisfied prior to the Effective Date or, where permitted, waiver of those conditions by the Party or the Parties for whose benefit such conditions exist) set forth in Article 6, or such other date as may be agreed to in writing by the Purchaser and the Company;

"Final Order" means the final order of the Court approving the Arrangement to be granted pursuant to Subsection 193(9) of the ABCA, as such order may be amended by the Court subject to Section 6.1(c);

"**Financial Statements**" means, collectively, the annual financial statements of the Company as at and for the years ended December 31, 2015 and 2014, together with the notes thereto and the auditor's report thereon, and the unaudited interim financial statements of the Company as at and for three month period ended March 31, 2016, together with the notes thereto, copies of which have been made publicly available on SEDAR by the Company;

"**Forbearance Agreement**" means the forbearance and tenth amending agreement dated June 23, 2016 among the Company, as borrower, the Agent, as administrative agent, and the Lenders, as lenders;

"**GAAP**" means accounting principles generally accepted in Canada applicable to public companies at the relevant time and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Boards;

"**Governmental Authority**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau, agency or instrumentality, domestic or foreign, (b) subdivision, agent, commission, board or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Governmental Authorizations**" has the meaning ascribed to it in Section 5.1(s);

"**Hazardous Substances**" means any element, waste or other substance, whether natural or artificial and whether consisting of gas, liquid, solid or vapour 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 and synthetic substitutes therefor and asbestos or asbestos-containing materials or any substance which is deemed under Environmental Laws to be deleterious to the Environment or worker or public health and safety or otherwise regulated under or for which liability can be imposed under Environmental Laws;

"**Incentive Awards**" means, collectively, the Restricted Awards and the Performance Awards;

"**Incentive Plan**" means the share award incentive plan of the Company providing for the grant of Restricted Awards and Performance Awards to directors, officers and employees of the Company as approved by the Board of Directors as of January 9, 2012;

"**Interim Capital Program and Budget**" means the Interim Period capital program and budget of the Company disclosed in writing by the Company and mutually agreed to by the Company and the Purchaser;

"**Interim Order**" means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court subject to Section 6.1(a);

"**Interim Period**" has the meaning ascribed to it in Section 3.1;

"**Inventories**" means the Company's share of inventories under the Title and Operating Documents, including equipment, spare parts and Petroleum Substances that are not beyond the wellhead at the Effective Date;

"**Investment Canada Act**" means the *Investment Canada Act* (Canada), R.S.C. 1985, c. 28 (1st Supp.), as amended;

"**Investment Canada Act Approval**" means either:

(a) more than 45 days have elapsed from the time of the certified date referred to in subsection 13(1) of the Investment Canada Act in respect of the Arrangement and the Minister has not sent to the Purchaser a notice under Subsection 25.2(1) or Subsection 25.2(4)(b) of the Investment Canada Act within the period prescribed pursuant thereto;

(b) the Minister has not sent to the Purchaser a notice under Subsection 25.3(2) of the Investment Canada Act; or

(c) if a notice has been sent under Sections 25.2 or 25.3 of the Investment Canada Act, then either:

(i) the Minister having sent to the Purchaser a notice under Subsection 25.2(4)(a) or 25.3(6)(b) of the Investment Canada Act; or

(ii) the Governor in Council having issued an order pursuant to Subsection 25.4(1)(b) of the Investment Canada Act authorizing the Arrangement that is satisfactory to the Purchaser in its reasonable discretion;

"**Land Schedule**" means the schedule identified as the "Land Schedule" and disclosed in writing by the Company;

"**Lands**" means, collectively, the lands set forth and described in the Land Schedule;

"**Law**" or "**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions,

by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, codes, guidelines, or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, issued or applied by any Governmental Authority or self-regulatory authority;

"**Leases**" means, collectively, the leases, licenses, permits and other Title and Operating Documents that grant rights to Petroleum Substances within, upon or under the Lands and that are described in the Land Schedule and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor but only to the extent such Title and Operating Documents relate to the Lands;

"**Lender Payout Letter**" means the payout letter in the form referred to in the Credit Agreement, as amended and restated in respect of the New Credit Facility, to be obtained by the Company from the Agent with respect to the amounts due and owing by the Company under the Credit Agreement to be paid by or on behalf of the Company on or prior to the Effective Date in satisfaction in full of such amounts;

"**Lenders**" means, collectively, the financial institutions and other lender parties to the Credit Agreement from time to time;

"**Letter of Intent**" means the letter agreement dated April 28, 2016 between the Purchaser and the Company;

"**Material Adverse Change**" means any event, occurrence, circumstance or state of facts that, individually or in the aggregate, is or could reasonably be expected to be material and adverse to the business, operations, results of operations, properties, net cash flow, assets, or liabilities, obligations (whether absolute, accrued, conditional or otherwise), condition (financial or otherwise) or prospects of the Company, other than any event, occurrence, circumstance or state of facts resulting from or arising out of:

(a) conditions affecting the oil and gas industry as a whole or generally in jurisdictions in which the Company carries on a material portion of its business, and not specifically relating to the Company, including changes in royalties, GAAP, Applicable Laws or Taxes (or the interpretation, application or non-application thereof of any such changes);

(b) general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States of America or elsewhere;

(c) any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;

(d) any matter which has been disclosed in the Public Record or disclosed in writing by the Company;

(e) any changes or effects arising, directly or indirectly, from the Arrangement or any other matters or actions permitted, restricted or contemplated by this Agreement

or consented to or approved in writing by the Purchaser, or in all such cases, occurring as a direct result thereof;

(f) a change in the market price or trading volume of the securities of the Company (provided, however, that the causes underlying such change may be considered to determine whether such causes constitute a Material Adverse Change or a Material Adverse Effect);

(g) the failure of the Company to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows or production of Petroleum Substances disclosed in writing by the Company or in the Public Record (provided that this paragraph (g) will not prevent a determination that any circumstance, event, change, effect, fact or occurrence giving rise to such a failure to meet any such projections, forecasts or estimates has resulted in a Material Adverse Effect to the extent it is not otherwise excluded from this definition);

(h) any changes that arise from changes in commodity prices in the McDaniel Report, including with respect to any changes that are reflected in any financial statements of the Company that are filed by the Company after the Effective Date; or

(i) that relates to or arises out of the public announcement of this Agreement or the consummation of the Transaction;

provided, however, that the change or effect referred to in paragraphs (a), (b) or (c) above does not primarily relate only to (or have the effect of primarily relating only to) the Company, compared to other entities of similar size and operating in the oil and gas industry, in which case, the relevant exclusion from this definition of Material Adverse Change referred to in paragraphs (a), (b) or (c) above will not be applicable;

"**Material Adverse Effect**" means any effect resulting from a Material Adverse Change;

"**material change**" has the meaning ascribed to it in the Securities Act;

"**Material Contracts**" has the meaning ascribed to it in Section 5.1(pp);

"**material fact**" has the meaning ascribed to it in the Securities Act;

"**McDaniel**" means McDaniel & Associates Consultants Ltd., independent oil and natural gas reservoir engineers of Calgary, Alberta;

"**McDaniel Report**" means the independent engineering evaluation of the Company's crude oil natural gas and natural gas liquids reserves prepared by McDaniel dated February 26, 2016 with an effective date of December 31, 2015;

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

"**Minister**" means the Minister within the meaning of the Investment Canada Act;

"**misrepresentation**" has the meaning ascribed to it in the Securities Act;

"**Miscellaneous Interests**" means all right, title, interest and estate of the Company in and to all property, rights and assets, whether contingent or absolute, legal or beneficial, present or future, vested or not (other than the Petroleum and Natural Gas Rights and the Tangibles), to the extent pertaining to the Petroleum and Natural Gas Rights, the Lands or lands pooled or unitized therewith or the Tangibles and to which the Company is entitled at the Effective Date including the following property, rights and assets:

(a) Contracts, agreements, books, records and documents to the extent that they relate to the Petroleum and Natural Gas Rights, the Tangibles or items listed in paragraphs (c) or (d) of this definition or any rights in relation thereto including the Title and Operating Documents;

(b) Surface Interests;

(c) all production, engineering and other information relating directly to the Petroleum and Natural Gas Rights, the Lands or the Tangibles that the Company either has in its custody or to which the Company has access excluding any such information that is subject to confidentiality restrictions or restrictions on transferability;

(d) permits, licences, approvals and other authorizations, crossing privileges or other rights pursuant to which the Wells or the Tangibles are accessed, maintained or operated relating to any Petroleum and Natural Gas Rights or Tangibles, or the use thereof; and

(e) the Wells;

"**New Credit Facility**" has the meaning ascribed to it in Section 6.2(o);

"**Non-Revolving Facility**" means the non-revolving credit facility extended to the Company, as borrower, pursuant to the Credit Agreement;

"**Operations**" means any and all operations on or in respect of the Lands or lands pooled or unitized therewith or relating to Petroleum Substances produced therefrom or the Tangibles;

"**Option**" means an option to purchase Shares granted in accordance with the terms of the Option Plan, which has not been exercised, cancelled or otherwise terminated in accordance with the provisions of the Option Plan;

"**Option Plan**" means the share option plan of the Company approved by the Shareholders of the Company on May 14, 2009 providing for the grant of Options to directors, officers, employees, consultants and other service providers of the Company;

"**Option Termination Agreements**" means, collectively, the agreements to be entered into by the Company and each of the Optionholders in form and substance satisfactory to the Purchaser, acting reasonably, pursuant to which such Optionholders have agreed or shall agree to surrender such Options for cancellation in accordance with the provisions of Section 2.9;

"**Optionholders**" means the holders of Options, and each of them is an "**Optionholder**";

"**Orders**" means orders, injunctions, judgements, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator;

"**Outside Date**" means September 30, 2016, subject to the right of the Purchaser to postpone the Outside Date for up to an additional 90 days (in 30-day increments) so long as any Regulatory Approval has not been obtained and has not been denied by a non-appealable decision of a Governmental Authority, by giving written notice to the Company to such effect no later than 5:00 p.m. (Calgary time) on the date that is not less than 10 days prior to the original Outside Date (and any subsequent Outside Date), or such later date as may be agreed to in writing by the Purchaser and the Company; provided that notwithstanding the foregoing, the Purchaser shall not be permitted to postpone the Outside Date if the failure to obtain the Competition Act Approval or the Investment Canada Act Approval is materially the result of the Purchaser failing to cooperate in accordance with the provisions of this Agreement in obtaining the Competition Act Approval or the Investment Canada Act Approval, as the case may be;

"**Parties**" and "**Party**" have the respective meanings ascribed to them in the Preamble and, when used herein, "other Party" means the Company on the one hand and the Purchaser on the other hand;

"**Performance Awards**" means the outstanding performance awards granted under the Incentive Plan;

"**Permitted Encumbrances**" means any of the following:

(a) any overriding royalties, net profits interests or other Encumbrances applicable to the Assets which are set forth in the Land Schedule;

(b) easements, rights of way, servitudes or other similar rights in land, including rights of way and servitudes for highways or other roads, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone, telegraph or cable television conduits, poles, wires or cables;

(c) the right reserved to or vested in any Government Authority to levy Taxes on Petroleum Substances or the income or revenue attributable thereto;

(d) rights reserved to or vested in any Government Authority to control or regulate any of the Assets in any manner, including any requirements relating to production rates or the conduct of Operations;

(e) statutory exceptions to title and the reservations, limitations and conditions in any original grants from the Crown of any of the Lands or any interest therein;

(f) undetermined or inchoate liens incurred or created in the ordinary course of business or a lien created as security in favour of the Person conducting Operations on or in respect of the Assets to which such liens relate to the Company's proportionate share of the costs and expenses of such Operations, which costs and expenses are not due or delinquent as of the Effective Time;

(g) mechanics', builders' or materialmen's liens in respect of services rendered or goods supplied, but only insofar as such liens relate to goods or services for which payment is not due or delinquent as of the Effective Time;

(h) liens for Taxes, assessments and governmental charges that are not due or delinquent;

(i) Encumbrances arising in connection with worker's compensation, unemployment insurance, pension and employment Laws that are not due or delinquent;

(j) Encumbrances granted by the Company in respect of any equipment or other personal property in connection with leases and other purchase money security interests and financings of personal property;

(k) Encumbrances granted in the ordinary course of business to a public utility or Governmental Authority in connection with Operations;

(l) Encumbrances granted by the Company to and in favour of the Agent or the Lenders to secure indebtedness and obligations owing to the Secured Parties as disclosed in writing by the Company;

(m) inchoate liens or any rights of distress reserved in or exercisable under any real property lease or sublease to which the Company is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not overdue and the Company is in compliance in all material respects with such terms;

(n) the terms and conditions of the Title and Operating Documents (including the Transportation, Processing and Sale Agreements), provided that any Encumbrance created under or pursuant to any such Title and Operating Documents will be a Permitted Encumbrance only if it also satisfies another provisions of this definition; and

(o) the Transportation, Processing and Sale Agreements or Contracts for the contract operation of any Assets that are terminable without penalty on 90 days' or less notice;

"**Permitted Exceptions**" has the meaning ascribed to it in Section 3.2(a);

"**Person**" includes any individual, firm, limited or general partnership, limited liability company, limited liability partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"**Petroleum and Natural Gas Rights**" means all of the right, title, estate and interest (whether absolute or contingent, legal or beneficial, present or future, vested or not, and whether or not an "interest in land") beneficially owned by the Company pursuant to the Title and Operating Documents in or to any of the following, by whatever name the same are known:

(a) rights to explore for, drill for, extract, win, produce, take, save or market Petroleum Substances from the Lands or lands pooled or unitized therewith;

(b) rights to a share of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith;

(c) rights to a share of the proceeds of, or to receive payment calculated by reference to, the quantity or value of the production of Petroleum Substances from the Lands or lands pooled or unitized therewith; and

(d) the interests set forth in the Land Schedule in and to and in respect of the Leases and the Lands (including any fee simple interests, where specifically indicated);

including all interests and rights in or in respect of the Lands known as working interests, fee simple interests, leasehold interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests or economic interests and including fractional or undivided interests in any of the foregoing;

"**Petroleum Substances**" means petroleum, natural gas and all related hydrocarbons, including all liquid hydrocarbons and all other mineral substances, whether liquid, solid or gaseous and whether hydrocarbons or not (except coal where title thereto is not held by the Company in fee simple, but including coal where title thereto is held in fee simple by the Company and sulphur and hydrogen sulphide), produced in association with such petroleum, natural gas or related hydrocarbons or found in any water;

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form attached hereto as Schedule "B" and any amendments or variations thereto made in accordance with Section 7.1 of this Agreement and Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Pre-Acquisition Reorganization**" has the meaning ascribed to it in Section 3.6(a);

"**Process Agent**" has the meaning ascribed to it in Section 9.2;

"**Public Record**" means all information filed by the Company since January 1, 2015 with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR website at www.sedar.com under the Company's profile;

"**Purchaser**" has the meaning ascribed to it in the Preamble;

"**Purchaser Information**" has the meaning ascribed to it in Section 2.4(d);

"**Purchaser Representatives**" has the meaning ascribed to it in Section 3.5(a)(i);

"**Receiving Party**" has the meaning ascribed it in Section 3.3(b)(iii);

"**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;

"**Regulatory Approvals**" means, collectively:

(a) the Competition Act Approval;

(b) the Investment Canada Act Approval; and

(c) such other approvals, sanctions, rulings, consents, permits, determinations, exemptions, reviews, orders and decisions (including the lapse, without objection, of a prescribed time under a statute or regulation that prohibits a transaction from being implemented until such prescribed time has lapsed, without objection, following the giving of notice thereunder), waivers, early terminations, authorizations, clearances or written confirmations of no intention to initiate legal proceedings from, or registrations or filings with, Governmental Authorities required to consummate the Transaction;

"**Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, blowing, injecting, escaping, leaching, migrating, depositing, spraying, burying, abandoning, seeping, dumping or disposing of a Hazardous Substance;

"**Restricted Awards**" means the outstanding restricted awards granted under the Incentive Plan;

"**Reverse Break Fee**" has the meaning ascribed to it in Section 8.2(g);

"**Reverse Break Fee Event**" has the meaning ascribed to it in Section 8.2(g);

"**Revolving Facility**" means, collectively, the production credit facility and the operating credit facility extended to the Company, as borrower, pursuant to the Credit Agreement;

"**Secured Parties**" means the Agent, the Lenders, any affiliates of the Lenders party to any Derivative Contract with the Company and the Lenders or their affiliates which provide cash management arrangements to the Company;

"**Securities Act**" means the *Securities Act* (Alberta), R.S.A. 2000, c. S-4, as amended;

"**Securityholder Approval**" has the meaning ascribed to it in Section 2.2(c);

"**Securityholders**" means, collectively, the Shareholders, the Debentureholders and, subject to the occurrence of the events described in Section 2.9(f), the Optionholders;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators;

"**Seismic Data**" means all geophysical information owned or used by the Company, including all SEGP summary reports, surveyor's ground elevation records, shot point maps, shooters' records, seismograph records, seismograph magnetic tapes, monitor records, field records and record sections and maps, SEGP survey on 3.5" disk, microfiche, field and stack on CD-ROM and blackline prints, all as disclosed in writing by the Company;

"**Seismic Data List**" has the meaning ascribed to it in Section 5.1(iii);

"**Share Consideration**" means $0.06 in cash per Share;

"**Shareholder Approval**" has the meaning ascribed to it in Section 2.2(b);

"**Shareholders**" means the registered or beneficial holders of Shares, as the context requires;

"**Shares**" means the common shares in the capital of the Company, as constituted on the Agreement Date;

"**subsidiary**" has the meaning ascribed thereto in the Securities Act;

"**Superior Proposal**" has the meaning ascribed to it in Section 3.4(b)(vi)(A);

"**Support Agreements**" means the support agreements, substantially in the form attached as Schedule "C" hereto, entered into between the Purchaser and each of the Supporting Securityholders, in their capacities as Shareholders, Optionholders, holders of Incentive Awards and/or Debentureholders, as the case may be;

"**Supporting Securityholders**" means each of the directors and officers of the Company in respect of the Shares, Options, Incentive Awards and Debentures beneficially owned by them, as applicable;

"**Surface Interests**" means all right, title, interest and estate of the Company to enter upon, use, occupy and enjoy the surface of the Lands, any lands with which the same have been pooled or unitized and any lands upon which the Wells or the Tangibles are located and any lands used to gain access thereto, in each case, for purposes related to the use or ownership of the Petroleum and Natural Gas Rights, the Tangibles or the Wells or Operations, whether the same are held by right of way, or otherwise;

"**Tangible Personal Property**" means machinery, equipment, furniture, furnishings, office equipment, computer hardware, supplies, materials, vehicles, material handling equipment, implements, parts, tools, jigs, dies, moulds, patterns, tooling and spare parts and tangible assets (other than the Lands and Inventories) owned or used or held by the Company, including (i) any of the foregoing which are in storage or in transit; (ii) other tangible personal property of the Company whether located in or on the Lands or elsewhere; (iii) any of the foregoing which may be attached to the Lands but are not improvements;

"**Tangibles**" means, collectively, all right, title, interest and estate of the Company, whether absolute or contingent, legal or beneficial, present or future, vested or not, in and to:

(a) the Facilities;

(b) all other equipment, systems, plants and facilities used or useful in producing Petroleum Substances from the Lands or lands pooled or unitized therewith or gathering, compressing, dehydrating, scrubbing, processing, treating, separating, extracting, collecting, refrigerating, measuring, storing, transporting or shipping such Petroleum Substances;

(c) the Tangible Personal Property; and

(d) all other tangible property and assets used or intended for use in producing, storing or injecting Petroleum Substances;

"**Tax**" and "**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, workers' compensation, health insurance and Canada Pension Plan and other Governmental Authority pension plan premiums or contributions, and other obligations of a same or of a similar nature;

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

"**Tax Returns**" includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by Law in respect of Taxes;

"**Taxing Authorities**" means the Governmental Authorities responsible for the imposition, collection or administration of Taxes and "**Taxing Authority**" means any one of them;

"**Technology**" has the meaning ascribed to it in Section 5.1(qq)(ii);

"**Third Party Beneficiaries**" has the meaning ascribed to it in Section 10.7;

"**Title and Operating Documents**" means all agreements, contracts, instruments and other documents that govern the ownership or use of the Assets or relate to Permitted Encumbrances or Operations, including:

(a) the Leases and other agreements and instruments pursuant to which the Petroleum and Natural Gas Rights were issued, granted or created;

(b) permits, licenses, approvals and authorizations;

(c) operating agreements, unit agreements, pooling agreements, trust declarations, participation agreements, farmin agreements, farmout agreements and royalty agreements;

(d) agreements that create or relate to Surface Interests;

(e) Transportation, Processing and Sale Agreements;

(f) gas gathering and common stream agreements;

(g) agreements for the construction, ownership and/or operation of Tangibles;

(h) trust declarations and other documents and instruments that evidence the Company's interests in the Assets; and

(i) trust declarations pursuant to which the Company holds interests in the Lands or lands pooled or unitized therewith in trust for other Persons;

"**Transaction**" means the Arrangement and the other transactions contemplated herein and in the Plan of Arrangement;

"**Transaction Costs**" means all costs and expenses incurred by the Company in connection with the Transaction, including all legal, regulatory, accounting, engineering, audit, financial, strategic or other advisory, Lenders' fees and expenses, solicitation and shareholder communication costs, printing and other administrative and professional fees, director and officer run-off insurance, and other costs and expenses incurred by the Company in connection with the Arrangement but excluding: (i) the Employee Obligations; and (ii) additional proxy solicitation fees, if required pursuant to Section 2.3(c);

"**Transferred Information**" has the meaning ascribed to it in Section 5.3(a);

"**Transportation, Processing and Sale Agreements**" means the contracts for the processing, compression, treatment, gathering, storage, transportation or sale of Petroleum Substances produced from the Lands or lands pooled or unitized therewith;

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

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended and the rules and regulations of the United States Securities and Exchange Commission promulgated thereunder; and

"**Wells**" means all producing, suspended, shut in, abandoned (including those abandoned wells that are reclamation certified or reclamation exempt), water source, disposal, injection or similar wells located on the Lands or any lands pooled or unitized therewith.

1.2 Certain Rules of Interpretation

In this Agreement:

(a) Consent – Whenever a provision of this Agreement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) Governing Law – This Agreement shall be governed by, and be construed in accordance with, the Laws of the Province of Alberta and the federal Laws of Canada applicable therein.

(d) Headings – Headings of Articles, Sections and Schedules are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) Including – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Schedules – Any capitalized terms used in any exhibit or schedule hereto but not otherwise defined therein, shall have the respective meanings ascribed to them in this Agreement.

(i) Severability – If any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable in any jurisdiction, such provision shall, in respect of such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability, without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of such provision in any other jurisdiction and without affecting its application to other Parties or circumstances.

(j) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(k) Time – Time is of the essence in the performance of the Parties' respective obligations.

(l) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

1.3 Entire Agreement

The Letter of Intent is hereby terminated and superseded by this Agreement and this Agreement and the Confidentiality Agreement constitute the entire agreement between the Parties and set

out all of the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement, and except as expressly set forth herein or therein, supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement, the Company Disclosure Letter and the Confidentiality Agreement.

1.4 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement in respect of the Company shall have the respective meanings attributable thereto under GAAP and all determinations of an accounting nature in respect of the Company that are required to be made shall be made in a manner consistent with GAAP for the applicable reporting period, consistently applied.

1.5 Disclosure in Writing

The phrase "disclosed in writing by the Company" and similar expressions used in this Agreement shall be construed for purposes of this Agreement as referring to:

(a) matters disclosed in this Agreement or in the Schedules hereto;

(b) information forming part of the Data Room Information as of the Agreement Date; and

(c) written information provided by the Company to the Purchaser and the Purchaser Representatives in response to inquiries received from the Purchaser and the Purchaser Representatives on or prior to the Agreement Date.

1.6 Knowledge

In this Agreement, unless otherwise stated, references to "the knowledge of the Company" or "to the Company's knowledge" means the actual knowledge, after due inquiry, in their capacity as officers and directors of the Company and not in their personal capacity, of the Executive Chairman, President and Chief Executive Officer, Chief Operating Officer, Vice President, Finance, Chief Financial Officer and Corporate Secretary, Vice President, Geosciences and Vice President, Land of the Company and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.7 Schedules

The following schedules attached hereto are incorporated into, and form an integral part of, this Agreement:

Schedule "A"	–	Arrangement Resolution
Schedule "B"	–	Plan of Arrangement
Schedule "C"	–	Form of Support Agreement

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

The Company and the Purchaser agree that the Arrangement 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

The Company agrees that as soon as reasonably practicable after the Agreement Date, and in any event in sufficient time to hold the Company Meeting in accordance with Section 2.3(a), the Company shall apply to the Court, in a manner acceptable to the Purchaser, acting reasonably, pursuant to Section 193 of the ABCA and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order and, upon receipt thereof, the Company shall promptly carry out the terms of the Interim Order to the extent applicable to it. The Interim Order shall provide, among other things:

(a) for the calling and holding of the Company Meeting, including the record date(s) for determining the classes of Persons to whom notice of the Arrangement and the Company Meeting is to be provided and for the manner in which such notice is to be provided;

(b) that, subject to the approval of the Court and the occurrence of the events described in Section 2.9(f), the requisite approval for the Arrangement Resolution by Shareholders and Optionholders shall be Shareholders and Optionholders, voting together as a single class, holding in aggregate not less than 66⅔% of the votes cast on the Arrangement Resolution by Shareholders and Optionholders present in person or represented by proxy at the Company Meeting and, if required by MI 61-101, majority approval after excluding the votes cast in respect of Shares or Options, as applicable, held by Persons whose votes may not be included in determining if such minority approval is obtained in accordance with MI 61-101 (the "**Shareholder Approval**");

(c) that, subject to the approval of the Court, the requisite approval for the Arrangement Resolution by Debentureholders shall be Debentureholders holding in the aggregate not less than 66⅔% of the aggregate principal amount of Debentures outstanding present in person or represented by proxy at the Company Meeting and, if required by MI 61-101, majority approval after excluding the votes cast in respect of Debentures held by Persons whose votes may not be included in determining if such minority approval is obtained in accordance with MI 61-101 (the "**Debentureholder Approval**", and together with the Shareholder Approval, the "**Securityholder Approval**");

(d) that, in all other respects, the terms, restrictions and conditions of the Company's articles and by-laws and the Debenture Indenture, including quorum requirements and all other matters, shall apply in respect of the Company Meeting;

(e) for the grant of Dissent Rights;

(f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and

(g) that the Company Meeting may be adjourned or postponed from time to time by the Company with the consent of the Purchaser, acting reasonably, in accordance with the terms of this Agreement without the need for further approval from the Court.

2.3 The Company Meeting

(a) Subject to the terms of this Agreement and the Interim Order, the Company agrees to convene and conduct the Company Meeting in accordance with the Interim Order, the Company's articles and by-laws, the Debenture Indenture and Applicable Laws as soon as reasonably practicable, and shall use reasonable commercial efforts to hold the Company Meeting by no later than August 12, 2016 and not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) the Company Meeting without the prior written consent of the Purchaser, acting reasonably, except:

(i) as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled);

(ii) as required or permitted under Sections 3.4(b)(viii) or 6.5(b); or

(iii) for an adjournment or postponement with the prior written consent of the Purchaser for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution in accordance with Section 2.3(b).

(b) Upon request of the Purchaser, the Company shall adjourn or postpone the Company Meeting to a date specified by the Purchaser, provided that the Company Meeting, so adjourned or postponed, shall not be later than 30 days after the date on which the Company Meeting was originally scheduled and in any event shall not be later than the date that is five Business Days prior to the Outside Date.

(c) Subject to the terms of this Agreement and the fiduciary duties of the directors and officers of the Company, the Company shall solicit proxies to be voted at the Company Meeting in favour of matters to be considered at the Company Meeting, including the Arrangement Resolution and, if requested by the Purchaser, acting reasonably, shall engage a proxy solicitation agent (provided that the costs of any such proxy solicitation agent will not form part of the Transaction Costs and will be paid by the Purchaser) to solicit proxies in favour of the Arrangement

Resolution and cooperate with any Persons engaged to solicit proxies in favour of the approval of the Arrangement Resolution.

(d) The Company shall consult with the Purchaser in fixing the date of the Company Meeting and shall allow the Purchaser Representatives and the Purchaser's legal counsel to attend the Company Meeting.

(e) The Company shall advise the Purchaser, as the Purchaser may reasonably request, and at least on a daily basis on each of the last ten Business Days prior to the proxy cut-off date for the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of, and the particulars of, the votes for and against the Arrangement Resolution and any other matters to be considered at the Company Meeting.

(f) The Company shall promptly advise the Purchaser of any written notice of dissent or purported exercise by any Shareholder of Dissent Rights or other written objections to the Arrangement received by the Company and any withdrawal of Dissent Rights received by the Company on an as received basis and, subject to Applicable Laws, shall consult with the Purchaser prior to communicating with any Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and shall provide the Purchaser and its legal counsel with an opportunity to review and comment upon any written communications proposed to be sent by or on behalf of the Company to any Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution and reasonable consideration shall be given to any comments made by the Purchaser and its legal counsel prior to sending any such written communications. The Company shall not make any payment or settlement offer, or agree to any such payment or settlement, prior to the Effective Time with respect to any such notice of dissent or purported exercise of Dissent Rights unless the Purchaser shall have given its prior written consent to such payment, settlement offer or settlement, as applicable.

2.4 The Company Circular

(a) As promptly as practicable following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, the Company shall, subject to compliance by the Purchaser with Section 2.4(d), prepare and complete the Company Circular, together with any other documents required by the ABCA and Applicable Canadian Securities Laws in connection with the Company Meeting and the Arrangement, and as promptly as practicable after obtaining the Interim Order, cause the Company Circular and other documentation in connection with the Company Meeting to be sent to the Securityholders and other Persons required by the Interim Order and Applicable Laws and filed with applicable securities regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be filed, in each case so as to permit the Company Meeting to be held within the time required by Section 2.3(a).

(b) The Company shall ensure that the Company Circular complies in all material respects with all Applicable Canadian Securities Laws and other Applicable Laws, and, without limiting the generality of the foregoing, but excluding the Purchaser Information, that the Company Circular shall not contain any misrepresentation and shall provide the Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be considered at the Company Meeting and shall include, among other things: (i) the Company Information; (ii) a copy of the Fairness Opinion; (iii) the approvals, determination, and recommendations of the Board of Directors as set out in Section 2.4(c); and (iv) the Purchaser Information.

(c) The Company Circular shall state that the Board of Directors has unanimously: (i) determined that the Arrangement is in the best interests of the Company and the Securityholders; (ii) resolved to recommend that the Securityholders vote in favour of the Arrangement Resolution; and (iii) determined that the consideration to be received by the Securityholders pursuant to the Arrangement is fair to the Securityholders.

(d) The Purchaser shall furnish to the Company, in a timely manner, all such information concerning the Purchaser as may be reasonably required by the Company in the preparation of the Company Circular and other documents related thereto so as to permit the Company to comply with the timeline set out in Section 2.3(a) and so that the Company Circular complies in all material respects with Applicable Canadian Securities Laws. The Purchaser shall ensure that all information provided by the Purchaser to the Company in writing specifically for inclusion in the Company Circular and relating exclusively to the Purchaser (the "**Purchaser Information**") shall not contain any misrepresentation. The Purchaser shall provide the Company and its legal counsel with a reasonable opportunity to review and comment on the Purchaser Information.

(e) The Purchaser shall use its reasonable commercial efforts to assist the Company in securing all consents of third parties that are required to permit the inclusion of any reference to the name of the Purchaser in, or in relation to, any Purchaser Information included in the Company Circular, including by reason of such names being included in a document incorporated by reference in the Company Circular, or otherwise, and will provide copies of such consents to the Company as soon as reasonably practicable.

(f) The Company shall provide the Purchaser and its legal advisors with a reasonable opportunity to review and comment on drafts of the Company Circular and any other documents related thereto and shall give due consideration to all comments made by the Purchaser and its legal advisors, provided that all information relating to the Purchaser included in the Company Circular shall be in form and content satisfactory to the Purchaser, acting reasonably.

(g) The Company shall indemnify and save harmless the Purchaser, its subsidiaries and affiliates and their respective directors, officers, employees and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which the

Purchaser or any of its subsidiaries or affiliates or any of their respective directors, officers, employees or agents may be subject or which the Purchaser or any of its subsidiaries or affiliates or any of their respective directors, officers, employees or agents may suffer or incur, 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 in the Company Circular, other than with respect to any Purchaser Information; and

(ii) any order made, or any inquiry, investigation or proceeding by any securities regulatory authority or other Governmental Authority, to the extent 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 Company Circular, other than with respect to any Purchaser Information,

(h) The Purchaser shall indemnify and save harmless the Company and its directors, officers, employees and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which the Company or any of its directors, officers, employees or agents may be subject or which the Company or any of its directors, officers, employees or agents may suffer or incur, 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 in the Purchaser Information; and

(ii) any order made, or any inquiry, investigation or proceeding by any securities regulatory authority or other Governmental Authority, to the extent 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 Purchaser Information.

(i) The Company and the Purchaser shall promptly notify each other if at any time before the Effective Date either becomes aware that the Company Circular contains a misrepresentation, or that otherwise requires an amendment or supplement to the Company Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Company Circular, as required or appropriate, and the Company shall, subject to compliance by the Purchaser with this Section 2.4, and, if required by the Court or Applicable Laws, promptly mail or otherwise publicly disseminate any amendment or supplement to the Company Circular to the Securityholders and file the same with the applicable securities regulatory authorities and as otherwise required by Applicable Laws.

2.5 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order, subject to the terms of this Agreement, the Company shall as soon as reasonably practicable, and in any event, no later than two Business Days (or such later date as may be agreed to by the Company and the Purchaser, each acting reasonably) after the satisfaction or waiver of the conditions set forth in Section 6.1, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 193 of the ABCA.

2.6 Court Proceedings

The Company shall ensure that all materials filed with the Court in connection with the Arrangement is consistent in all material respects with the terms of this Agreement and the Plan of Arrangement and shall not object to legal counsel to the Purchaser making such supporting submissions on the application for the Interim Order and the application for the Final Order as such counsel considers reasonably appropriate. The Company shall provide the Purchaser and its legal counsel with a reasonable opportunity to review and comment upon drafts of all materials to be filed by the Company with the Court in connection with the Arrangement and any supplement or amendment thereto, shall give reasonable consideration to all such comments and shall accept the reasonable comments of the Purchaser and its legal counsel with respect to any information concerning the Purchaser required to be supplied by the Purchaser and included in such materials. The Company shall also provide legal counsel to the Purchaser, on a timely basis, with copies of any notice of appearance, proceedings and evidence served on the Company or its legal counsel in respect of the application for Interim Order or the application for the Final Order or any appeal therefrom, including any notice (written or oral) received by the Company indicating an intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.

2.7 Filing of Certificate and Effective Date

(a) The Articles of Arrangement shall implement and effect the Plan of Arrangement. The Articles of Arrangement shall include the form of the Plan of Arrangement and any amendments or variations thereto made in accordance with Section 7.1 or Article 6 of the Plan of Arrangement made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably.

(b) On the Filing Date, the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement shall be filed by the Company with the Registrar. The filing of the Articles of Arrangement with the Registrar shall be conclusive evidence that the Arrangement has become effective on, and be binding on and after, the Effective Date.

(c) From and after the Effective Time, the Plan of Arrangement shall have all of the effects provided by Applicable Law, including the ABCA. The closing of the Transaction (the "**Closing**") shall take place at 10:00 a.m. (Calgary time) on the Effective Date at the offices of Burnet, Duckworth & Palmer LLP located at Suite

2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1 or at such other location as may be agreed upon by the Parties.

2.8 Payment of Consideration

Not later than two Business Days after the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction of those conditions capable of being satisfied prior to the Effective Date or, where permitted, waiver of those conditions by the Party or the Parties for whose benefit such conditions exist) set forth in Article 6, or such other date as may be agreed to in writing by the Purchaser and the Company, the Purchaser shall provide to the Depositary sufficient funds in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably, and in any event, to be subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set forth in Article 6 at the Effective Time) to permit the Depositary to pay in full (a) the aggregate Share Consideration payable to the Shareholders for all of the Shares, and (b) the aggregate Debenture Consideration payable to the Debentureholders for all of the Debentures, in each case in accordance with the Depositary Agreement and the Plan of Arrangement.

2.9 Treatment of Options and Incentive Awards

(a) The particulars of Options (all of which are "out-of-the-money" based on the Share Consideration) and Incentive Awards outstanding as at the Agreement Date are set forth in the Company Disclosure Letter (it being acknowledged that the Blackout Awards will be granted after the Agreement Date), including: (i) the names of the Optionholders and the holders of the Incentive Awards and the number of Options and Incentive Awards held by them; (ii) the date of grant; (iii) the date of expiry; (iv) the exercise price of each Option; (v) the applicable vesting dates; and (vi) the number of Shares issuable on exercise of each Option or the vesting of each Incentive Award.

(b) The Parties acknowledge and agree that pursuant to the terms of the Option Plan, the vesting of the outstanding unvested Options will be accelerated and that all such Options will become exercisable immediately prior to the Effective Time, and that the Company and the Board of Directors may take all such actions as are necessary or desirable to effect the foregoing.

(c) To the extent any Options are exercised or conditionally exercised to purchase Shares prior to the Effective Time, the Company shall ensure that the holder of such Options delivers to the Company, prior to the Effective Time, a cash payment equal to the sum of the aggregate exercise price for the Options so exercised or otherwise exercises (or surrenders) such Option in accordance with its terms and the amount of any Taxes that the Company is required to remit to a Taxing Authority in respect of the exercise of such Options.

(d) The Parties acknowledge and agree that pursuant to the terms of the Incentive Plan, the vesting of the outstanding unvested Incentive Awards will be accelerated and such Incentive Awards will be settled in Shares issued from the treasury of

the Company on the date which is immediately prior to the date upon which a Change of Control (as defined in the Incentive Plan) is completed. Satisfaction of the income tax remittance obligations with respect to the Incentive Awards shall be satisfied by way of the withholding by the Company from the Share Consideration payable in exchange for the Shares in accordance with Section 7 of the Incentive Plan. The Parties acknowledge and agree that the Company and the Board of Directors may take all such actions as are necessary or desirable to effect the foregoing.

(e) The Company covenants and agrees that, prior to the time that the application for the Interim Order is heard, it shall make commercially reasonable efforts to obtain an Option Termination Agreement, in form and content satisfactory to the Purchaser, acting reasonably, from each Optionholder, which Option Termination Agreement shall provide that each Optionholder agrees, conditional upon the occurrence of the Effective Time, to surrender effective immediately before the Effective Time all Options held by such Optionholder, for cancellation for an aggregate payment of $1.00 to each Optionholder regardless of the number of Options held by such holder.

(f) If Option Termination Agreements have been entered into by all Optionholders not less than two Business Days prior to the anticipated date of the application for the Interim Order (or such other later date as agreed to by the Company and the Purchaser), then the Parties shall agree to amend the Plan of Arrangement to remove the provisions therein providing for the exercise or cancellation for no consideration of all outstanding Options, as the case may be, pursuant to the Plan of Arrangement.

(g) The Parties acknowledge and agree that, if applicable:

(i) the Company shall elect under Subsection 110(1.1) of the Tax Act, in prescribed form, in respect of any Option surrendered pursuant to an Option Termination Agreement or pursuant to the terms of the Arrangement, as applicable, that neither the Company, nor any person who does not deal at arm's length with the Company, shall deduct, in computing income for the purposes of the Tax Act, any amount in respect of a cash payment made to the Optionholders in consideration for the surrender of their Options; and

(ii) the Company shall provide Optionholders who have surrendered their Options with evidence in writing of the election under Subsection 110(1.1) of the Tax Act.

2.10 Suspension of Dividend Reinvestment Plan, Stock Dividend Plan and ESSP

(a) The Company's dividend reinvestment plan and stock dividend plan have been suspended since March 2, 2015, and the Company shall not reinstate such dividend reinvestment plan and the stock dividend plan.

(b) Effective as of the Agreement Date, the Company shall suspend all further contributions to the ESSP, and the Company shall not reinstate any contributions to the ESSP.

2.11 Officers and Employees

(a) The Company has disclosed to the Purchaser the Company's *bona fide* good faith estimate by the Company of all Employee Obligations arising out of or in connection with the Arrangement in the Company Disclosure Letter.

(b) The Parties acknowledge and agree that the Company Executives shall be paid the applicable amounts set forth in the Company Disclosure Letter on the Effective Date, less the amount of any withholding Taxes exigible in connection with such payments in the manner set forth in Section 2.13, in consideration of the execution and delivery by the Company Executives of amended and restated executive employment agreements and acknowledgements, waivers and mutual releases set forth in Section 6.2(i). The Parties acknowledge and agree that on the Effective Date, the Company Executives shall be employed by the Company on the principle terms of employment as set forth in the Company Disclosure Letter.

2.12 Indemnities and Directors' and Officers' Insurance

(a) The Purchaser agrees that, after the Effective Time, the Company and any successor to the Company shall not take any action to terminate or adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of the Company pursuant to the provisions of the articles, by-laws or other constating documents of the Company, the ABCA and any written indemnity agreements (and each of them), which have been entered into between the Company and its past or current officers or directors effective on or prior to the Agreement Date and the Company has disclosed in writing to the Purchaser all applicable forms of indemnity agreement used for its past and current officers and directors on or prior to the Agreement Date.

(b) The Purchaser will maintain or cause to be maintained in effect for six years from the Effective Time, customary policies of directors' and officers' liability insurance providing coverage comparable to, and in any case no less advantageous to the directors and officers of the Company than, the coverage provided by the directors' and officers' policies obtained by the Company that are in effect immediately prior to the Effective Time and providing coverage to the current and former directors and officers of the Company in respect of claims arising from facts or events that occurred on or prior to the Effective Time and which will cover all claims made prior to the Effective Date or within six years of the Effective Date. Prior to the Effective Time, the Company may, in the alternative, with the consent of the Purchaser, purchase run off directors' and officers' liability insurance for the benefit of its officers and directors having a coverage period of up to six years from the Effective Time, and in such event, the Purchaser shall not have any further obligation under this Section 2.12(b).

2.13 Withholding Taxes

The Purchaser, the Company and the Depositary, as applicable, shall be entitled to deduct and withhold from any consideration otherwise payable to any Securityholders under the Plan of Arrangement or any other amounts payable to any other Person in connection with the Transaction such amounts as the Purchaser, the Company or the Depositary, as applicable, are required or reasonably believe to be required to deduct and withhold from such consideration or other amount under any provision of any Laws in respect of Taxes. Any such amounts will be deducted, withheld and remitted from the consideration payable pursuant to the Plan of Arrangement or other amount payable in connection with the Transaction and shall be treated for all purposes under this Agreement as having been paid to the Securityholders or such other Person, as applicable, in respect of which such deduction, withholding and remittance was made; provided that such deducted and withheld amounts are actually remitted to the appropriate Governmental Authority, which the Purchaser covenants to do, or cause to be done.

2.14 Support Agreements

The Company has, concurrent with the execution of this Agreement, delivered to the Purchaser the Support Agreements representing not less than 3.9% of the Shares and not less than 0.08% of the total $85,000,000 aggregate principal amount of the Debentures.

ARTICLE 3
COVENANTS

3.1 Covenants of the Purchaser

The Purchaser covenants and agrees that, during the period from the Agreement Date until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with Article 8 (the "**Interim Period**"):

(a) the Purchaser shall promptly notify the Company in writing of:

(i) any circumstance or development affecting the Purchaser that, to the knowledge of the Purchaser, would reasonably be expected to impede, interfere with or delay the Arrangement, or prevent the consummation of the Arrangement; and

(ii) any change affecting any representation or warranty provided by the Purchaser in this Agreement where such change is or may be of such a nature so as to render such representation or warranty misleading or untrue in any material respect;

(b) the Purchaser shall make all filings and applications under Applicable Laws that are required to be made by it in connection with the Arrangement and shall take commercially reasonable action necessary to be in compliance, in all material respects, with such Applicable Laws, including in connection with the Regulatory Approvals; and

(c) the Purchaser shall make commercially reasonable efforts to satisfy, or cause the satisfaction of, the conditions set out in Sections 6.1 and 6.3 as soon as reasonably practicable and following execution of this Agreement or by such date as expressly provided herein, to the extent that the satisfaction of the same is within the control of the Purchaser.

3.2 Covenants of the Company Regarding the Conduct of Business

(a) The Company covenants and agrees that, during the Interim Period, except (x) as required or expressly permitted by this Agreement, the Plan of Arrangement or as otherwise required by Applicable Laws, (y) with the prior written consent of the Purchaser, or (z) as set forth in the Company Disclosure Letter (such exceptions collectively referred to herein as the "**Permitted Exceptions**"), the Company shall conduct its business only in the usual and ordinary course consistent with past practice and in particular, the Company shall:

(i) conduct the business of the Company in compliance with Applicable Laws;

(ii) cause the Assets to be operated and maintained in all material respects in accordance with, and subject to, the Title and Operating Documents and Applicable Laws and in a proper and prudent manner in accordance with good oil and gas industry practices in Canada;

(iii) pay all costs and expenses relating to the Assets that become due prior to the Effective Date (subject to continued access to funds under the Credit Agreement);

(iv) perform and comply in all material respects with all of the covenants and conditions contained in the Title and Operating Documents to be performed and complied with by the Company prior to the Effective Date; and

(v) use commercially reasonable efforts to maintain and preserve its business organization, assets, properties and goodwill, keep available the services of the Employees and consultants and maintain satisfactory business relationships with suppliers, distributors, customers and others having business relationships with it and shall not make any material change in the business, assets, liabilities, operations, insurance, capital or affairs of the Company. The Company shall comply in all material respects with all Applicable Laws.

(b) Without limiting the generality of Section 3.2(a), but subject to the Permitted Exceptions, during the Interim Period:

(i) the Company shall not, directly or indirectly, undertake, cause or permit any of the following to occur:

(A) amend its articles, by-laws or the terms of any of its securities;

(B) declare, set aside or pay any dividend or other distribution or make any other payment (whether in cash, shares or property or any combination thereof) in respect of its outstanding securities;

(C) reduce the stated capital in respect of any of its outstanding Shares;

(D) issue (other than the conversion, exercise, settlement or surrender of the currently outstanding Options, Incentive Awards or Debentures in accordance with their respective terms and the Blackout Awards), deliver, grant, sell or pledge or authorize or agree to the issuance, delivery, grant, sale or pledge of any securities of the Company or any securities or other rights convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, securities of the Company or payable by reference to the value of such securities;

(E) redeem, purchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any of its outstanding Shares or other securities;

(F) split, combine or reclassify any of its securities;

(G) undertake any capital reorganization;

(H) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation, reorganization or winding-up of the Company (except as a party of any Pre-Acquisition Reorganization);

(I) pursue or complete any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to its business, capital or affairs (except as part of any Pre-Acquisition Reorganization);

(J) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets), directly or indirectly, in one transaction or in a series of related transaction, any corporation, partnership, trust or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; or

(K) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(ii) other than as contemplated by the Interim Capital Program and Budget, the Company shall not:

(A) sell, pledge, dispose of or encumber any Assets having a value in excess of $100,000 in the aggregate, except for Permitted Encumbrances and production in the ordinary course of business;

(B) expend or commit to expend any amount with respect to any capital expenditure in an amount in excess of $100,000 in the aggregate of those amounts set out in the Interim Capital Program and Budget provided that in the case of an emergency relating to the preservation or protection of (x) the health or safety of individuals, (y) the property and assets of the Company or (z) the environment, the Company shall make an expenditure of the amount that it deems reasonable and shall notify the Purchaser within one Business Day;

(C) expend or commit to expend amounts in excess of $100,000 in the aggregate with respect to operating expenses outside of the ordinary course of business, other than operating expenses incurred pursuant to the Transaction or this Agreement;

(D) incur or commit to incur any indebtedness for borrowed money in excess of the Credit Facilities or existing obligations pursuant to the Debentures provided such indebtedness is as incurred otherwise in contemplation with the other provisions of this Section 3.2(b)(ii), or any other material liability or obligation other than in respect of the Credit Agreement and existing obligations pursuant to the Debentures 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 the Transaction Costs, in connection with the New Credit Facility and in respect of fees payable to legal, financial and other advisors in the ordinary course of business or as otherwise contemplated by this Agreement or the consummation of the Transaction;

(E) authorize, recommend or propose any release or relinquishment of any Material Contract, other than in respect of the New Credit Facility;

(F) waive, release, grant or transfer any rights of value or modify or change any Material Contract (other than in connection with the New Credit Facility) or any Title and Operating Document, other than as a result of Land expiries in the normal course;

(G) except in the ordinary course of business (including, without limitation, oil and natural gas lease expiries and in satisfaction of regulatory requirements), surrender, release or abandon the whole or any part of its Assets;

(H) enter into any Derivative Contracts or terminate any Derivative Contracts other than those in existence on the Agreement Date as set forth in the Public Record;

(I) enter into any non-arm's length transactions including with any Employees or consultants of Company or transfer any property or assets of Company to any Employees or consultants;

(J) pay, discharge or satisfy any material claims, liabilities or obligations other than as reflected or reserved against in the Financial Statements or otherwise in the ordinary course of business or repayment of Company's bank indebtedness;

(K) enter into any agreements for the sale of production having a term of more than 120 days;

(L) enter into any consulting or contract operating agreements that cannot be terminated on 90 days' or less notice without penalty; or

(M) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

(iii) except as provided for in this Agreement, the Company shall not establish, adopt, enter into, amend, terminate or make any contribution to, any Company Plan (or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Company Plan if it were in existence as of the Agreement Date), except as is necessary to comply with Applicable Laws or the existing provisions of any such Company Plan;

(iv) other than in respect of the hiring or termination of any Employee or the payment of Employee Obligations upon completion of the Arrangement and the grant of the Blackout Awards, the Company shall not:

(A) make any payment to any Employee or consultant outside of their ordinary and usual compensation for services provided;

(B) grant any Employee or consultant an increase in compensation or remuneration in any form;

(C) grant any general salary increase;

(D) take any action with respect to the amendment of any severance, change of control or termination pay policies or arrangements for any Employees or enter into or amend any existing employment, severance, termination or change of control agreement;

(E) adopt or amend (other than to permit the accelerated vesting of currently outstanding Options or Incentive Awards as contemplated by this Agreement, the termination of currently

outstanding Options pursuant to the Option Termination Agreements and the suspension by the Company of contributions to the ESSP) any stock option plan or other equity compensation plan, including the Option Plan or the Incentive Plan, or the terms of any outstanding options or rights thereunder; or

(F) advance any loan to any Employee, consultant or any other party not at arm's length;

(v) the Company shall use commercially reasonable efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse (and shall promptly notify the Purchaser in writing if it receives notice that its current insurance will, or has been, cancelled or terminated), unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equivalent 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 and the Company shall consult with the Purchaser with respect to all such matters prior to taking any action in respect thereof;

(vi) the Company shall not take any action, or permit any action to be taken, 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 the Effective Time or the termination of this Agreement in accordance with its terms, whichever first occurs;

(vii) the Company shall promptly notify the Purchaser in writing of:

(A) any Governmental Authority or third party complaints, investigations or hearings (or communications indicating that the same may be contemplated) in respect of the Company or its Assets or the Transaction;

(B) all matters relating to any claims, actions, enquiries, applications, suits, demands, arbitrations, charges, indictments, hearings or other civil, criminal, administrative or investigative proceedings, or other investigations or examinations pending or, to the knowledge of the Company, threatened, against the Company or related to the Transaction;

(C) any circumstance or development relating to the Company that, to the knowledge of the Company, would have a Material Adverse Effect or which might reasonably be expected to impede, interfere with or delay the Arrangement or prevent the consummation of the Transaction;

(D) any material change (actual, anticipated, contemplated or, to its knowledge, threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licences, permits, rights, privileges or liabilities, whether contractual or otherwise, or any change affecting any representation or warranty provided by the Company in this Agreement where such change is or may be of such a nature to render such representation or warranty misleading or untrue in any material respect and it shall in good faith discuss with the Purchaser any change in circumstances (actual, anticipated, contemplated, or to its knowledge, threatened) which is of such a nature that there may be a reasonable question as to whether notice needs to be given to the Purchaser pursuant to this provision; and

(E) the receipt of any notice by the Company that there exists a material violation of any Environmental Law or a material condition requiring removal or other remedial measures with respect to any of the Lands and, unless such notice is being contested in good faith, the Company shall promptly (and in any event, within the time permitted by Applicable Laws) use its reasonable commercial efforts to remove or remedy such violation or condition in accordance with Environmental Laws.

(viii) the Company shall maintain its status as a "reporting issuer" (or similarly designated entity) not in default under Applicable Canadian Securities Laws in all provinces of Canada where it is a reporting issuer at the Agreement Date;

(ix) the Company shall maintain the listing of the Shares and the Debentures on the TSX;

(x) the Company shall promptly provide to the Purchaser, for review by the Purchaser and its legal counsel, prior to filing or issuance of the same, any proposed public disclosure document, including any news release or material change report, subject to the Company's obligations under Applicable Canadian Securities Laws to make continuous disclosure and timely disclosure of material information, and the Purchaser agrees to keep such information confidential until it is filed as part of the Public Record;

(xi) except for proxies and non-substantive communications with Securityholders and communications that the Company is required to keep confidential pursuant to Applicable Law, the Company shall furnish promptly to the Purchaser or its legal counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Company from Securityholders or any Governmental Authority in connection with: (i) the Arrangement; (ii) the Company Meeting; (iii) any filings under Applicable Laws in connection with the Transaction; and (iv)

any dealings with any Governmental Authority in connection with the Transaction;

(xii) the Company shall make all filings and applications under Applicable Laws that are required to be made by it in connection with the Transaction and shall make commercially reasonable action necessary to be in compliance, in all material respects, with such Applicable Laws, including in connection with the Regulatory Approvals;

(xiii) the Company shall continue to withhold from each payment to be made to any of its present or former Employees and to all other Persons including, without limitation, all Persons who are non-residents of Canada for the purposes of the Tax Act, all amounts that are required to be so withheld by any Applicable Laws and the Company shall remit such withheld amounts to the proper Governmental Authority within the times prescribed by such Applicable Laws;

(xiv) the Company shall:

(A) duly and on a timely basis file all Tax Returns required to be filed by it and all such Tax Returns will be true, complete and correct in all material respects;

(B) timely pay all Taxes which are due and payable unless validly contested;

(C) not make a request for a Tax ruling or enter into a settlement agreement with any Governmental Authority;

(D) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes;

(E) not change in any material respect any of its methods of reporting income, deductions or accounting for Tax purposes from those employed in the preparation of its Tax Return for a taxation year ending in 2015 and prior to the Agreement Date; and

(F) properly reserve (and reflect such reserves in its Books and Records and financial statements) in accordance with past practice and in the ordinary course of business, for all Taxes accruing in respect of the Company which are not due or payable prior to the Effective Date;

(xv) except as otherwise disclosed in writing by the Company, the Company shall not, directly or indirectly reduce the amount or amend the characterization of any of its individual categories of Tax attributes, including, without limitation, any of its resource pools or non-capital loss carry-forwards;

(xvi) except as disclosed in writing by the Company, the Company shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Tax Return, deemed or express election or designation, without the consent of the Purchaser; and

(xvii) the Company shall make commercially reasonable efforts to satisfy or cause the satisfaction of the conditions set out in Sections 6.1 and 6.2 as soon as reasonably practicable following execution of this Agreement to the extent that the satisfaction of the same is within the control of Company.

3.3 Mutual Covenants

(a) Subject to the terms and conditions of this Agreement, each of the Purchaser and the Company shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under Applicable Law to consummate the Transaction as soon as practicable, including:

(i) preparing and filing as promptly as practicable, and in any event prior to the expiration of any legal deadline, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals and using its commercially reasonable efforts to obtain and maintain such Regulatory Approvals;

(ii) using its commercially reasonable efforts to oppose any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the Transaction;

(iii) making commercially reasonable 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 making commercially reasonable efforts to:

(A) obtain all waivers, consents and approvals from other parties to Contracts to which it is a party that may be necessary or desirable to permit the completion of the Arrangement on the terms contemplated hereby; and

(B) obtain all necessary consents, assignments, waivers and amendments to, or terminations of, any instruments or other documents to which it is a party, or by which it is bound, that may be necessary to permit it to carry out the Transaction and to take

such other steps and actions as may be necessary or appropriate to fulfill its obligations hereunder;

(iv) carrying out the terms of the Interim Order and the Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it or its affiliates, with respect to the Transaction; and

(v) not taking any action or refraining from taking any action, or permitting any action to be taken or not to be taken, which is inconsistent with this Agreement or which would render or would reasonably be expected to render any representation or warranty made by it in this Agreement untrue in any material respect prior to the Effective Date or which would reasonably be expected to materially impede the consummation of the Arrangement or to prevent or delay the consummation of the Transaction, in each case, except as permitted by this Agreement.

(b) In connection with obtaining the Competition Act Approval and the Investment Canada Act Approval:

(i) the Purchaser shall use commercially reasonable efforts to take or cause to be taken, any and all steps and to make or give, or cause to be made or given, all things necessary, customary or proper to obtain the Competition Act Approval and the Investment Canada Act Approval prior to the Outside Date. In connection therewith:

(A) the Purchaser shall, as soon as practicable following execution of this Agreement, prepare and file with the Commissioner a submission in support of a request for an ARC under Section 102 of the Competition Act or, in the event that the Commissioner will not issue an ARC, a Waiver and No-Action Letter in respect of the Arrangement;

(B) the Purchaser and the Company shall, if requested by the Purchaser, as soon as practicable following such request, file with the Commissioner a notification pursuant to Part IX of the Competition Act;

(C) the Purchaser, with the assistance and cooperation of the Company, shall, as soon as practicable following execution of this Agreement, prepare and file a notification of the Arrangement pursuant to Section 12 of the Investment Canada Act; and

(D) if any objections or concerns are asserted with respect to the Transaction or the Purchaser is advised that Competition Act Approval or Investment Canada Act Approval is unlikely to be obtained on the terms and conditions filed, the Purchaser shall make commercially reasonable efforts to resolve such objections or concerns in a timely and expeditious manner, including, with the

prior written agreement of the Company, consenting to any reasonable extension of any review period;

(ii) each Party will:

(A) cooperate with one another, including by way of furnishing such information as may be reasonably requested by a Party, in connection with the preparation and submission of all applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) as may be or become necessary or desirable in connection with obtaining the Competition Act Approval and the Investment Canada Act Approval;

(B) promptly inform the other Parties of any material communication received by that Party from any Governmental Authority (including, if applicable, the Commissioner, representatives of the Competition Bureau, the Minister, the Director of Investments and representatives of the Investment Review Division of Industry Canada) in respect of obtaining the Competition Act Approval and the Investment Canada Act Approval;

(C) use commercially reasonable efforts to respond promptly to any request or notice from any Governmental Authority requiring the Parties, or any one of them, to supply additional information that is relevant to the review of the Transaction in respect of obtaining the Competition Act Approval and the Investment Canada Act Approval;

(D) permit the other Parties to review in advance any proposed applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) in respect of obtaining the Competition Act Approval or the Investment Canada Act Approval, and will provide the other Parties a reasonable opportunity to comment thereon where timing permits and agree to consider those comments in good faith;

(E) promptly provide the other Party with any applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Authority) that were submitted to a Governmental Authority in respect of obtaining the Competition Act Approval and the Investment Canada Act Approval;

(F) make commercially reasonable efforts to ensure that, to the extent permitted by Applicable Law, prior to participating in any substantive meetings or discussions (whether in person, by telephone or otherwise) with the Competition Bureau, the other Party is consulted in advance, and such other Party or its external legal counsel is given the opportunity to attend and participate thereat unless the representatives of the Competition Bureau request otherwise;

(G) keep the other Parties informed of the status of discussions relating to obtaining the Competition Act Approval and the Investment Canada Act Approval;

(iii) notwithstanding any requirement in this Section 3.3, if a Party (in this Section 3.3 only, a "**Disclosing Party**") is required to provide information to another Party (a "**Receiving Party**") that the Disclosing Party deems to be competitively sensitive information or otherwise reasonably determines in respect thereof that disclosure should be restricted, the Disclosing Party may restrict the provision of such competitively sensitive and other information only to external legal counsel of the Receiving Party, provided that the Disclosing Party also provides the Receiving Party a redacted version of any such application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Authority) which does not contain any such competitively sensitive or other restricted information; and

(iv) notwithstanding any other provision of this Agreement, nothing in this Agreement shall require the Purchaser to disclose to: (i) any Person (including the Company) the Purchaser's plans and undertakings submitted for the purposes of the review under the Investment Canada Act or any drafts thereof or correspondence or discussions with respect thereto, except as provided in Section 3.3(e); or (ii) to provide the Commissioner, the Minister or the Governor in Council any undertakings or meet any requirements in relation to the Competition Act Approval and the Investment Canada Act Approval that are not commercially reasonable to the Purchaser.

(c) In connection with the Investment Canada Act Approval, the Parties shall cooperate through their respective external legal counsel, on an external legal counsel only basis, and in connection therewith, the Purchaser shall cause its external legal counsel to:

(i) use reasonable commercial efforts to consult with the Company's external legal counsel in advance of making any submissions to or filings in connection with obtaining the Investment Canada Act Approval or participating in any meetings or any material conversations with the Investment Review Division or any of its representatives in respect of any such submissions or filings and give the Company's external legal counsel

a reasonable opportunity to review and/or comment thereon and, at the request of the Company's external legal counsel, to the extent permitted by Applicable Law, provide the Company's external legal counsel with the opportunity to attend and participate in any such meetings or material conversations unless the representatives of the Investment Review Division request otherwise;

(ii) provide unredacted copies of all material submissions to or filings related to the Transaction, to external legal counsel for the Company, in advance of making or filing the same; and

(iii) provide the Company's external legal counsel with a reasonably detailed summary of any material conversations with the Director of Investments in connection with obtaining the Investment Canada Act Approval as soon as reasonably practical thereafter.

(d) In connection with obtaining all other Regulatory Approvals:

(i) each Party shall make commercially reasonable efforts to effect all necessary registrations and filings and submissions of information requested by Governmental Authorities or required to be effected or submitted by it in connection with the Arrangement, to obtain all necessary consents, waivers and approvals required to be obtained by it in connection with the Arrangement, and each Party will make commercially reasonable efforts to cooperate with the other in connection with the performance by the other Party of its obligations under this Section 3.3(d)(i), including assisting with the preparation and filing of any applications and continuing to provide reasonable access to information and to maintain ongoing communications as between officers of the other Party, subject in all cases to the Confidentiality Agreement;

(ii) notwithstanding any other provision in this Agreement, except as otherwise required by Applicable Law, where a Party is obligated to provide information that it deems, acting reasonably, to be competitively sensitive information to the other Party in connection with obtaining any other Regulatory Approvals, the Parties shall provide such competitively sensitive information only to the external legal counsel of the other Party or to external experts hired by external counsel to the other Party (or both) on the basis that such competitively sensitive information shall not be shared by such counsel or external experts with any other Person other than the Governmental Authority;

(iii) promptly inform the other Parties of any material communication received by that Party from any Governmental Authority in respect of obtaining the other Regulatory Approvals; and

(iv) keep the other Parties informed of the status of discussions related to obtaining the other Regulatory Approvals.

(e) Each Party shall make commercially reasonable efforts to cooperate with the other Parties in connection with the performance by another Party of its obligations under this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between representatives of the other Party, subject in all cases to the Confidentiality Agreement.

3.4 Non-Solicitation Covenants of the Company

(a) The Company shall:

(i) immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of its Employees, consultants, advisors (including financial and legal advisors), representatives and agents or other parties acting on its behalf (collectively, "**Company Representatives**") of the Company), if any, with any third parties (other than the Purchaser and its affiliates) initiated before the Agreement Date with respect to any proposal that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal;

(ii) as and from the Agreement Date until the termination of this Agreement pursuant to Article 8, discontinue providing access to any of its confidential information and not allow or establish further access to any of its confidential information, or any data room, virtual or otherwise;

(iii) pursuant to and in accordance with each applicable confidentiality agreement to which it is entitled to do so, promptly request (and exercise all rights it has to require) the return or destruction of all information provided to any third parties that have entered into a confidentiality agreement with the Company relating to an Acquisition Proposal and shall make commercially reasonable efforts to cause such requests to be honoured; and

(iv) actively prosecute and enforce any agreement containing standstill provisions and any provision of any existing confidentiality agreement or standstill agreement to which it is a party. The Company represents and warrants that, as of the Agreement Date, it has not waived any standstill provisions that would otherwise be in effect at the Agreement Date.

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

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

(ii) withdraw or modify, or propose to withdraw or modify, in any manner adverse to the Purchaser, the approvals, determinations and recommendations of the Board of Directors as set out in Section 2.4(c);

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

(iv) accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal; or

(v) release, waive, terminate or otherwise forbear in the enforcement of, amend or modify, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear or amend or modify, in respect of, any rights or other benefits under any confidentiality agreements relating to an Acquisition Proposal to which the Company is a party, including, without limitation, any standstill provisions thereunder, or any standstill agreement or any other agreement containing standstill provisions to which the Company is a party, and

provided, however, that notwithstanding any provisions of Sections 3.4(a)(i) or 3.4(a)(ii) or this Section 3.4(b), the Company and the Company Representatives may:

(vi) 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 Agreement Date, by the Company or any of the Company Representatives) seeks to initiate such discussions or negotiations that does not result from a breach of this Section 3.4 and, subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement in favour of Company (to the extent such third party is not already subject to such type of agreement), including waiver of standstill provisions which do not provide for waiver or release thereof other than with the consent of the Company and provided that such confidentiality agreement shall provide for the disclosure thereof, along with the information provided thereunder, to the Purchaser, may furnish to such third party information concerning the Company and its business, affairs, properties and assets, in each case if, and only to the extent that:

(A) the third party has first made an unsolicited written *bona fide* Acquisition Proposal and the Board of Directors determines in good faith: (1) that is not subject to a financing condition and the funds or other consideration necessary for the payment of the Break Fee to the Purchaser in accordance with Section 8.2 and the

consummation of such Acquisition Proposal are available or, as demonstrated to the Board of Directors, acting in good faith, that adequate financing arrangements will be in place to ensure that the third party will have the funds necessary for the payment of the Break Fee to the Purchaser in accordance with Section 8.2 and the consummation of the Acquisition Proposal, if any; (2) that provides for the payment by such third party of the Break Fee to the Purchaser in accordance with Section 8.2; (3) that is not subject to any due diligence or access condition, other than to permit access to the books, records or personnel of the Company which is not more extensive than that which would customarily be provided for confirmatory due diligence purposes and which access shall not extend beyond the tenth calendar day after which such access is first afforded to the Person making such Acquisition Proposal; (4) that the Board of Directors and any relevant committee thereof has determined in good faith (after receipt of advice from a financial advisor and outside legal counsel) is reasonably capable of being completed in accordance with its terms within a time frame that is reasonable in the circumstances taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal; and (5) in respect of which the Board of Directors has determined in good faith (after the receipt of advice from its outside legal counsel in respect of (I) below, and its financial advisors in respect of (II) below, in each case as reflected in the minutes of the Board of Directors), that (I) failure to recommend such Acquisition Proposal would be inconsistent with its fiduciary duty under Applicable Laws; and (II) such Acquisition Proposal if consummated in accordance with its terms, would reasonably be expected to result in a transaction financially superior for the Securityholders than the Transaction in its current form (including taking into account any modifications to this Agreement proposed by the Purchaser as contemplated by Section 3.4(d)) (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, the Company provides prompt notice to the Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person or entity and provides to the Purchaser a copy of the confidentiality and standstill agreement referenced in Section 3.4(b)(vi) above and, if not previously provided to the Purchaser, copies of all information provided to such third party concurrently with the provision of such information to such third party, together with the information required to be provided under Section 3.4(d);

(vii) comply with Division 3 of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids* and similar provisions under Applicable Canadian

Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(viii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party and, in connection therewith, withdraw any approval or recommendation contemplated by Section 3.4(b)(ii), but only if prior to such acceptance, recommendation, approval or implementation, (A) the Board of Directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 3.4(d) and after receiving the advice of its financial advisor and outside legal counsel, as reflected in minutes of the Board of Directors, that the it is a Superior Proposal and the failure to take such action is inconsistent with the discharge of the fiduciary duties of the Board of Directors under Applicable Laws, and (B) the Company complies with its obligations set out in Section 3.4(d), and (C) the Company terminates this Agreement in accordance with Section 8.1(d)(i) and concurrently therewith pays the Break Fee to the Purchaser.

(c) The Company shall promptly (and in any event within 24 hours of receipt by the Company) notify the Purchaser (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to the Company, its Assets, or any amendments to the foregoing received by the Company. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) received by the Company or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request (to the extent then known by the Company). The Company shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as the Purchaser may reasonably request (to the extent then known by the Company). The Company shall keep the Purchaser fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all reasonable inquiries by the Purchaser with respect thereto, and shall provide to the Purchaser copies of all material correspondence and other written material sent to or provided to the Company by any Person in connection with such inquiry, proposal, offer or request or sent or provided by the Company to any Person in connection with such inquiry, proposal, offer or request.

(d) Following receipt of a Superior Proposal, the Company shall give the Purchaser, orally and in writing, at least five Business Days advance notice of any decision by its Board of Directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall: (i) confirm that the Board of Directors has determined that such Acquisition Proposal constitutes a Superior Proposal; (ii) identify the third party making the Superior Proposal; (iii) confirm that the Company or the third party making the Superior Proposal has sufficient funds to pay the Break Fee to the Purchaser in accordance with Section 8.2 if the Company terminates this Agreement in accordance with Section

8.1(d)(i); and (iv) confirm that a definitive agreement to implement such Superior Proposal has been settled between the Company and such third party in all material respects, and the Company will concurrently provide a true and complete copy thereof and, will thereafter promptly provide any amendments thereto, to the Purchaser. During the five Business Day period commencing on the delivery of such notice, the Company agrees not to accept, recommend, approve or enter into any definitive agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five Business Day period, the Company shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Purchaser and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement that would result in the Arrangement, as amended, being equal or superior from a financial point of view to the Securityholders than the Superior Proposal. In the event the Purchaser confirms in writing its commitment to amend this Agreement to provide a transaction financially equivalent or superior for the Securityholders than the Superior Proposal and so advises the Board of Directors prior to the expiry of such five Business Day period, the Board of Directors shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, and for greater certainty, the Purchaser shall have no obligation to make or negotiate any changes to this Agreement in the event that the Company is in receipt of a Superior Proposal. The Company acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of this Section 3.4(d).

(e) The Board of Directors shall reaffirm its recommendation of the Arrangement by news release promptly, and in any event within two Business Days of being requested to do so by the Purchaser (or in the event that the Company Meeting to approve the Arrangement is scheduled to occur within such two Business Day period, prior to the scheduled date of such meeting), in the event that: (i) any Acquisition Proposal is publicly announced unless the Board of Directors has determined that such Acquisition Proposal constitutes a Superior Proposal in accordance with this Section 3.4; or (ii) the Parties have entered into an amended agreement pursuant to Section 3.4(d) that results in any Acquisition Proposal not being a Superior Proposal.

(f) The Purchaser agrees that all information that may be provided to it by the Company 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 Confidentiality Agreement in favour of the Company and such information shall not be disclosed or used except in accordance with the Confidentiality Agreement in favour of the Company or in order to enforce its rights under this Agreement in legal proceedings.

(g) The Company shall ensure that the Company Representatives and the Purchaser shall ensure that the Purchaser Representatives are aware of the provisions of this

Section 3.4. The Company shall be responsible for any breach of this Section 3.4 by the Company Representatives.

3.5 Access to Information

(a) During the Interim Period, the Company shall, subject to compliance with Applicable Laws, the Confidentiality Agreement and the terms of any Contracts (in which circumstances the Company shall make commercially reasonable efforts to obtain a waiver thereof) and upon reasonable notice:

(i) provide the Purchaser and its affiliates and their respective officers, directors, employees, representatives, any tax, financial, legal or other advisors (including its financing sources) or agents (collectively, the "**Purchaser Representatives**") access, during normal business hours and at such other time or times as the Purchaser may reasonably request, to its premises (including field offices and sites), books, Contracts, Tax Returns, records, properties, Employees and management personnel, including correspondence with any Governmental Authority, work papers, senior financial and operational management meetings, notes and decisions at the Vice President level and above; and

(ii) shall furnish promptly to the Purchaser all information concerning its business, properties, assets, operations and personnel as the Purchaser may reasonably request,

in each case, for the purpose of facilitating the orderly integration and combination of the business, assets and operations of the Company with those of the Purchaser immediately upon but not prior to the Effective Date, provided that the Company's compliance with any request under this Section 3.5(a) shall not unduly interfere with the conduct of the Company's business.

(b) The Company acknowledges and agrees that during the Interim Period, the Purchaser shall have the right to assign a financial monitor to review all of the Company's financial records, including accounts payable, and all new Contract proposals prior to execution by the Company.

(c) The Parties acknowledge and agree that all information provided by the Company to the Purchaser (or any of the Purchaser Representatives) pursuant to this Section 3.5 shall be considered to be "Confidential Information" for purposes of the Confidentiality Agreement in favour of the Company and shall be subject to the Confidentiality Agreement in favour of the Company.

3.6 Cooperation Regarding Pre-Acquisition Reorganization

(a) The Company shall reasonably cooperate with the Purchaser in structuring, planning and implementing (x) the Transaction, and (y) any reorganization of the corporate structure, capital structure, business, operations and assets of the Company or such other planning as the Purchaser may request, acting reasonably (a "**Pre-Acquisition Reorganization**") in a tax efficient manner and assist the

Purchaser in making such investigations and enquiries with respect to the Company in that regard, as the Purchaser and its tax advisors shall consider necessary, provided that the Company shall not be obligated to consent or agree to any structuring contemplated by this Section 3.6 that:

(i) would have the effect of reducing the consideration to be received under the Arrangement by any of the Securityholders;

(ii) imposes any incremental Tax obligations on any of the Securityholders greater than the Taxes imposed on such Securityholders in connection with the consummation of the Arrangement in the absence of any Pre-Acquisition Reorganization;

(iii) may materially delay, impair or impede the consummation of the Arrangement;

(iv) would require the Company to contravene any Applicable Laws, its constating documents or any Material Contract;

(v) would have an Material Adverse Effect on the Company; or

(vi) would impose any material expense or cost on the Company.

(b) The Company shall not be required to effect a Pre-Acquisition Reorganization unless the Purchaser has waived or confirmed in writing the satisfaction of all conditions in its favour under Sections 6.1 and 6.2 and the Company determines to its satisfaction, acting reasonably, that there is certainty the Arrangement will be completed in accordance with its terms. If the Arrangement is not completed, the Purchaser shall (i) forthwith reimburse the Company for all reasonable out-of-pocket costs and expenses incurred in connection with any proposed Pre-Acquisition Reorganization; and (ii) indemnify the Company for any losses or costs (other than those reimbursed in accordance with the foregoing) incurred by the Company and arising, directly or indirectly, out of any Pre-Acquisition Reorganization and such indemnity shall include any costs incurred by the Company in order to restore the organizational structure of the Company to an identical structure of the Company as at the Agreement Date.

(c) Without limiting the generality of, and subject to the foregoing, the Company agrees, at the Purchaser's expense, to cooperate with the Purchaser in order to facilitate any such Pre-Acquisition Reorganization which the Purchaser determines would be advisable to enhance the tax efficiency of the combined corporate group and any anticipated dispositions and to provide such information on a timely basis and to assist in the obtaining of any such information in order to facilitate a successful completion of any Pre-Acquisition Reorganization as is reasonably requested by the Purchaser. Any Pre-Acquisition Reorganization costs shall not be included in Transaction Costs.

(d) The Purchaser acknowledges and agrees that the planning for and implementation of any Pre-Acquisition Reorganization will not be considered a breach of any

covenant by Company under this Agreement and will not be considered in determining whether a representation or warranty of the Company under this Agreement has been breached. The Purchaser and the Company shall work cooperatively and use reasonable commercial efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to any Pre-Acquisition Reorganization.

3.7 Repayment of Existing Indebtedness

The Purchaser agrees to loan sufficient funds to the Company to enable the Company to repay the amounts due under the Credit Facilities pursuant to the Lender Payout Letter. Such funds (the "**Purchaser Loan**") shall be advanced by the Purchaser to the Depositary in escrow (the terms and conditions of such escrow to be satisfactory to the Company and the Purchaser, each acting reasonably, and in any event, to be subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set forth in Article 6 at the Effective Time) not later than two Business Days after the satisfaction or waiver (subject to Applicable Laws) of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction of those conditions capable of being satisfied prior to the Effective Date or, where permitted, waiver of those conditions by the Party or the Parties for whose benefit such conditions exist) set forth in Article 6, or such other date as may be agreed to in writing by the Purchaser and the Company, and shall be evidenced by the issuance of a demand promissory note, in form and substance reasonably satisfactory to the Parties, by the Company to the Purchaser.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

4.1 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to and in favour of the Company the following matters as at the Agreement Date and acknowledges that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of its obligations hereunder.

(a) Organization and Qualification. The Purchaser has been duly incorporated and is validly subsisting under the Applicable Laws of its jurisdiction of formation.

(b) Corporate Authorization. The Purchaser has the requisite corporate power and authority to execute this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Purchaser and the performance by the Purchaser of its obligations hereunder have been duly authorized by its board of directors and no other corporate proceedings on the party of the Purchaser are necessary to authorize the execution and delivery by it of this Agreement or the Transaction. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable

remedies, including specific performance, are discretionary and may not be ordered.

(c) No Violations. Except as contemplated by this Agreement:

(i) neither the execution and delivery of this Agreement by the Purchaser nor the consummation of the Transaction nor compliance by the Purchaser with any of the provisions hereof will:

(A) violate, conflict with, or result in a 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, the constating documents of the Purchaser; or

(B) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Purchaser;

(except, in the case of each of paragraphs (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations, creations of encumbrances, suspensions or revocations which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, be reasonably likely to materially delay or impede the ability of the Purchaser to consummate the Transaction); and

(ii) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the consummation of the Arrangement or which are required to be fulfilled upon the consummation of the Arrangement, and except for the requisite approvals of the Court, the Competition Act Approval and the Investment Canada Act Approval:

(A) there is no legal impediment to the Purchaser's consummation of the Arrangement; and

(B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of the Purchaser 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, individually or in the aggregate, be reasonably likely to materially delay or impede the ability of the Purchaser to consummate the Transaction.

(d) Sufficient Funds Available. The Purchaser has, and will until the Effective Time have, sufficient funds available to pay the Reverse Break Fee pursuant to Section 8.2, and on the Filing Date, will have sufficient funds available to pay the Share Consideration payable to the Shareholders and the Debenture Consideration payable to the Debentureholders pursuant to the Arrangement and to satisfy all

other obligations payable by the Purchaser pursuant to this Agreement, the Arrangement and the Lender Payout Letter.

(e) Litigation. There are no Claims in existence or pending or, to the knowledge of the Purchaser, threatened, affecting or that would reasonably be expected to affect the Purchaser at law or in equity or before or by any court or Governmental Authority which Claim involves a possibility of any judgment against or liability of the Purchaser which would reasonably be expected to materially delay or impede the ability of the Purchaser to consummate the Transaction.

(f) Compliance with Laws. The Purchaser is not in violation of any Applicable Laws which violation could reasonably be expected to materially delay or impede the ability of the Purchaser to consummate the Transaction, and the Purchaser has not received any notice of any alleged violation of any such Applicable Laws other than where such notice would not reasonably be expected to materially delay or impede the ability of the Purchaser to consummate the Transaction.

(g) Holdings of Company. As at the Agreement Date, neither the Purchaser nor any persons acting jointly or in concert with either of them within the meaning of Multilateral Instrument 62-104 and in Ontario, the *Securities Act* (Ontario) and Ontario Securities Commission Rule 62-504 beneficially owns, or exercises control or direction over, any Shares or Debentures.

(h) Proceeds of Crime. To the knowledge of the Purchaser, the Purchaser has not, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Foreign Corrupt Practice Act of 1977* (United States) (to the extent applicable) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Purchaser and its operations and has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

(i) Investment Canada Act. The Purchaser is a "WTO investor" and is not a "state-owned enterprise" within the meaning of the Investment Canada Act.

4.2 Survival of Representations and Warranties of the Purchaser

The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

5.1 Representations and Warranties of the Company

The Company hereby represents and warrants to and in favour of the Purchaser the following matters as at the Agreement Date and acknowledges that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of its obligations hereunder.

(a) Organization and Qualification. The Company has been duly amalgamated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has all requisite corporate power and authority to carry on its business as now conducted and as presently proposed to be conducted by it and to own, lease and operate its Assets. The Company is duly registered or authorized to carry on business and is in good standing in each jurisdiction in which the character of its Assets, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to be so registered or authorized would not have a Material Adverse Effect on the Company.

(b) Corporate Authorization. The Company has the requisite corporate power and authority to execute this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement and the performance by the Company of its obligations hereunder and the consummation by Company of the Transaction have been duly authorized by the Board of Directors and no other proceedings on the part of the Company are necessary to authorize this Agreement or the consummation of the Transaction other than the approval of the Arrangement Resolution by the Securityholders and approval of the Company Circular and matters relating to the Company Meeting by the board of directors of Company. This Agreement has been duly executed and delivered by Company and constitutes a legal, valid and binding obligation of Company enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(c) No Subsidiaries. The Company does not own or have any interest in any shares or have an ownership interest in any other Person.

(d) No Violations.

(i) Neither the execution and delivery of this Agreement by the Company nor the consummation of the Transaction nor compliance by Company with any of the provisions hereof will:

(A) contravene, violate, conflict with, or result in any violation or breach of any provision of, require any consent, approval, waiver

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, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company is entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, or result in the creation or imposition of any Encumbrance (other than Permitted Encumbrances) upon any of the Assets of the Company or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) the articles or the by-laws of Company; or (2) subject to the receipt of the consent of the Lenders, any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, Contract or other instrument or obligation to which the Company is a party or to which it, or any of its assets or property, may be subject or by which it is bound;

(B) subject to compliance with Applicable Laws, contravene, violate, conflict with, or result in any violation or breach of, any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Company or any of its assets or property; or

(C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect,

except, in the case of each of paragraphs (A), (B) and (C) above, for such contraventions, violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances (other than Permitted Encumbrances) which, or any consents, approvals, waivers or notices which if not given or received, would not, individually or in the aggregate, have a Material Adverse Effect on the Company, or materially delay or impede the ability of the Company to consummate the Transaction.

(ii) Other than in connection with or in compliance with the provisions of Applicable Laws in relation to the consummation of the Transaction or which are required to be fulfilled upon the consummation of the Transaction, and except for the requisite approvals of the Securityholders, the Court, the Bank Consent, the Competition Act Approval and the Investment Canada Act Approval:

(A) there is no legal impediment to the Company's consummation of the Transaction; and

(B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of the Company 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, individually or in the aggregate, have a Material Adverse Effect on the Company, or materially delay or impede the ability of the Company to consummate the Transaction.

(e) Litigation. Except as set forth in the Company Disclosure Letter, there are no Claims, inquiries, investigations or proceedings in existence or pending or, to the knowledge of the Company, threatened, affecting or that would reasonably be expected to affect the Company or affecting or that would reasonably be expected to affect any of its Assets at law or in equity or before or by any court or Governmental Authority which Claim, inquiry, investigation or proceeding involves a possibility of any judgment against or liability of the Company which would reasonably be expected to cause, individually or in the aggregate, a Material Adverse Change to the Company, or would materially delay or impede the ability of the Company to consummate the Transaction.

(f) Taxes, etc. Except as set forth in the Company Disclosure Letter:

(i) all Tax Returns required to be filed by or on behalf of the Company for periods ended on and prior to the Agreement Date have been duly filed on a timely basis and such Tax Returns are complete and correct in all material respects. All Taxes shown to be payable on such Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by the Company with respect to items or periods covered by such Tax Returns;

(ii) the Company has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes, including any instalments or prepayments of Taxes, that are due and payable on or prior to the Agreement Date whether or not shown as being due on any Tax Return, or, where payment is not yet due, the Company has established adequate accruals in conformity with GAAP in the Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. The Company has, in all material respects, made adequate provision or disclosure in its Books and Records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return;

(iii) no material deficiencies have been asserted in writing by any Governmental Authority with respect to Taxes of the Company that have not yet been settled;

(iv) the Company has made available to the Purchaser, to the extent requested by the Purchaser, true and complete copies of: (A) income tax audit reports, statement of deficiencies, notices of assessment and notices of reassessment of the Company, closing or other agreements received by the Company or on behalf of the Company relating to Taxes; and (B) any income tax returns required to have been filed by the Company, including

all predecessor entities, in all cases in respect of tax years ended on or after December 31, 2011;

(v) the Company is not a party to any action or proceeding for assessment or collection of Taxes, nor, to the knowledge of the Company, has such an event been asserted in writing by any Governmental Authority or threatened against the Company or any of its Assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Tax Returns of the Company. No audit by Taxing Authorities of the Company is in process or to the knowledge of the Company, pending; and

(vi) the Company is not a party to or bound by any Tax sharing agreement, Tax indemnity agreement, Tax allocation agreement or similar agreement. The Company has no liability for the Taxes of any other Person under any applicable legislation, as a transferee or successor, by contract or otherwise.

(g) Securities Laws.

(i) The Company is a "reporting issuer" in each of the Provinces of Canada and is in compliance with all Applicable Canadian Securities laws therein in all material respects.

(ii) The Shares and Debentures are listed and posted for trading on the TSX. The Company is in compliance with the rules, regulations and policies of the TSX in all material respects. None of the Shares, Debentures or any other securities of the Company are posted for trading on any stock exchange (other than the TSX) or have been formally listed by the Company on any over-the-counter market.

(iii) The documents and information comprising the Public Record did not at the respective times they were filed with the relevant securities regulatory authorities, contain any misrepresentation, unless such document or information was subsequently corrected or superseded in the Public Record prior to the Agreement Date. The Company has not filed any confidential material change report that, at the Agreement Date, remains confidential.

(iv) No delisting of, suspension of trading in or cease trading order with respect to any securities of the Company and, to the knowledge of the Company, no inquiry or investigation (formal or informal) by any securities regulatory authority, or any enforcement action, is in effect or ongoing by any securities regulatory authority or, to the knowledge of the Company, expected to be implemented or undertaken against the Company, other than the delisting of the Shares and Debentures after the Effective Time. The Company is not in default of any material requirement of Applicable Securities Laws. To the knowledge of the Company, none of its officers or directors are subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such

individual from acting as a director or officer of a public entity or of an entity listed on a particular stock exchange. Since January 1, 2015, the Company has not received any inquiries from any securities regulatory authority or the TSX in respect of any matter which would reasonably be expected to impede the ability of the Company to consummate the Transaction.

(v) The Company has established and maintains disclosure controls and procedures. Such disclosure controls and procedures are, among other things, designed to ensure that material information required to be disclosed by the Company, under Applicable Canadian Securities Laws is accumulated and communicated to management of the Company, including the Company's Chief Executive Officer and Chief Financial Officer, by others within the Company as appropriate to allow timely decisions regarding required disclosure.

(h) Capitalization. The authorized capital of the Company consists of an unlimited number of Shares and an unlimited number of preferred shares, issuable in series. As at the Agreement Date, 354,847,889 Shares are issued and outstanding and no preferred shares are issued and outstanding. In addition, as at the Agreement Date, the Company has issued and outstanding $85,000,000 aggregate principal amount of Debentures. Other than Options providing for the issuance of up to 120,000 Shares, Restricted Awards providing for the issuance of up to 14,064,775 Shares, Performance Awards providing for the issuance of up to 8,714,289 Shares and Debentures convertible into Shares at a conversion price of $3.05 per Share, subject to adjustment in certain events, and other than the Blackout Awards providing for the issuance of up to 1,080,850 Shares, there are no options, warrants or other rights, privileges, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by the Company of any securities of the Company (including Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Company (including Shares). All outstanding Shares are duly authorized, validly issued, fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Shares issuable upon the exercise of Options, pursuant to outstanding Restricted Awards and Performance Awards, or upon the conversion, redemption or maturity of Debentures in accordance with the terms of such securities will be duly authorized, validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Shares, there are no securities of the Company outstanding which have the right to vote generally with the Shareholders on any matter.

(i) Significant Securityholders. To the knowledge of the Company, as of the Agreement Date, no Person beneficially owns, directly or indirectly, or exercises control or direction over: (i) Shares representing more than 10.0% of the issued and outstanding Shares; or (ii) Debentures representing more than 10.0% of the aggregate principal amount of the Debentures.

(j) No Shareholder Agreement. The Company is not aware of any of its securityholders being a party to any shareholder agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Company other than the Support Agreements.

(k) Bankruptcy and Insolvency Matters. No action or proceeding has been commenced or filed by or against the Company which seeks or could reasonably be expected to lead to: (i) receivership, bankruptcy, a commercial proposal or similar proceeding of the Company; (ii) the adjustment or compromise of any Claims against the Company; or (iii) the appointment of a trustee, receiver, liquidator, custodian or other similar officer for the Company or any portion of its assets or property, and no such action or proceeding has been authorized or is being considered by or on behalf of the Company and no creditor or securityholder has threatened to commence or advised that it may commence, any such action or proceeding, and the Company has not made, or is considering making, an assignment for the benefit of its creditors.

(l) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Shares, Debentures or any other securities of the Company has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Company, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.

(m) Financial Statements. The Financial Statements, and any interim or annual financial statements filed by or on behalf of the Company on and after the Agreement Date with the securities regulatory authorities, in compliance, or intended compliance, with any Applicable Canadian Securities Laws, were or, when so filed, will have been prepared in accordance with GAAP, and present or, when so filed, will present fairly in accordance with GAAP in the financial position, results of operations and changes in financial position of the Company as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). There has been no material change in the Company's accounting policies, except as described in the notes to the Financial Statements, since January 1, 2016.

(n) Auditors. The auditors of the Company are independent public accountants as required by Applicable Laws and there is not now, and there has not been since January 1, 2014, any reportable event (as defined in NI 51-102) with the auditors of the Company.

(o) Books and Records.

(i) The financial books, records and accounts of the Company, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the Assets of the Company; and (iii) accurately and fairly reflect the basis for the Financial Statements.

(ii) The corporate records and minute books of the Company have been maintained in compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to the Purchaser except that minutes of certain recent meetings of the Board of Directors or a committee thereof have not been prepared or finalized as at Agreement Date (provided that details of the matters discussed at such meetings have been disclosed in writing to the Purchaser prior to the Agreement Date) and in certain cases, minutes of the Board of Directors and committees of the Board of Directors in respect of strategic matters have been redacted or withheld.

(p) Absence of Undisclosed Liabilities.

(i) Except for the Transaction Costs and the Employee Obligations and except as set forth in the Lender Payout Letter, there are no liabilities or obligations of the Company of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(A) those liabilities or obligations set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Financial Statements (the "**Balance Sheet**");

(B) those liabilities or obligations incurred in the ordinary course of business and not required to be set forth in the Balance Sheet under GAAP;

(C) those liabilities or obligations incurred in the ordinary course of business since the date of the Balance Sheet and consistent with past practice; and

(D) those liabilities or obligations that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect or which would not prevent, materially impede or materially delay the consummation of the Arrangement.

(ii) The principal amount of all indebtedness of the Company for borrowed money, including pursuant to the Debentures, the Credit Agreement, capital or financial leases and letters of credit (in each case determined in accordance with GAAP), as of the Agreement Date, is not more than $[redacted].

(q) Internal Control Over Financial Reporting. The Company has established and maintains a system of internal control over financial reporting. Such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect transactions and acquisitions and dispositions of the assets of the Company; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the assets of the Company that could have a material effect on its financial statements. Except as disclosed in the Public Record, prior to the Agreement Date, there are no significant deficiencies in the design or operation of, or material weaknesses in, the internal controls over financial reporting of the Company that are reasonably likely to materially and adversely affect the ability of the Company to record, process, summarize and report financial information; and there is no fraud, whether or not material, that involves management or other Employees who have a significant role in the internal control over financial reporting of the Company.

(r) Absence of Certain Changes or Events. Except as disclosed in the Public Record and except for the Arrangement or any action taken in accordance with this Agreement, since January 1, 2016:

(i) the Company has conducted its business only in the ordinary course of business substantially consistent with past practice;

(ii) the Company has not, and to the knowledge of the Company, no director, officer, Employee or auditor of the Company, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of the Company or its internal accounting controls.

(s) Registration, Exemption Orders, Licenses, etc.

(i) The Company has obtained and is in compliance with all licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now being or proposed to be conducted (collectively, the "**Governmental Authorizations**"), except where the failure to obtain or be in compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Such Governmental Authorizations are in full force and effect in accordance with their terms,

and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a violation of any such Governmental Authorization, except where the violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. No proceedings, inquiries or investigations are pending or, to the knowledge of the Company, threatened, which could result in the revocation or limitation of any Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each Governmental Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company.

(t) Compliance with Laws. The Company is not in violation of any Applicable Laws which violation would reasonably be expected to have a Material Adverse Effect on the Company. The operations and business of the Company is, and has been, conducted in compliance with and not in violation of any Applicable Laws, other than such non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company or would materially delay or impede the ability of the Company to consummate the Transaction, and the Company has not received any notice of any violation or alleged violation of any such Applicable Laws other than where such notice would not reasonably be expected to have a Material Adverse Effect on the Company or would materially delay or impede the ability of the Company to consummate the Transaction.

(u) Restrictions on Business Activities. There is no Order binding upon the Company that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or assets or, individually or in the aggregate, have a Material Adverse Effect on the Company.

(v) Related Party Transactions. Except as set forth in the Public Record, other than the Employment Agreements and the Options, Incentive Awards and director and officer indemnity agreements and amounts due as normal salaries and in reimbursement of ordinary expenses, there are no Contracts, arrangements, understandings or other transactions (including with respect to loans or other indebtedness) currently in place between the Company and: (i) any officer, director, Employee or agent of, or consultant to the Company; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of the Company; (iii) any associate or affiliate of any such Person; or (iv) any other Person not dealing at arm's length with the Company (collectively, "**Related Parties**"). No Related Party owns, has or is entitled to any royalty, net profits interest, carried interest or any other Encumbrances or claims of any nature whatsoever which are based on production from the Assets of the Company or any revenue or rights attributed thereto.

(w) Reserves Report. The Company has made available to McDaniel, prior to the issuance of the McDaniel Report for the purpose of preparing the McDaniel Report, all information requested by McDaniel in connection with the preparation

of the McDaniel Report, including land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and gas Assets of the Company, and, in particular, all material information respecting the interests of the Company in its principal oil and 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. Other than changes to commodity prices and as may be attributable to production of the reserves since the date of the McDaniel Report, the Company has no knowledge of a Material Adverse Change in any production, cost, price, reserves, estimates of future net production revenues or other relevant information provided to McDaniel since the date that such information was provided. The Company believes that the McDaniel Report reasonably presents the quantity and pre-tax present worth values of the crude oil, natural gas liquids and natural gas reserves attributable to the properties evaluated in such report as of the effective date of the report based upon information available at the time such reserve information was prepared, and the Company believes that, at the date of such report, such report did not (and as of the Agreement Date, except with respect to changes to commodity prices and as may be attributable to production of the reserves since the date of such report, such report does not) overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated reserves producible therefrom.

(x) Environmental Matters.

(i) No written notices, Claims, orders, complaints or penalties have been received by the Company alleging that it is in violation of, or has any liability or potential liability under, any applicable Environmental Law or Environmental Permit, and there are no proceedings, inquiries or investigations or, to the knowledge of the Company, any proceedings, inquiries or investigations threatened against the Company alleging a violation of, or any liability or potential liability under, any applicable Environmental Law or Environmental Permit or relating to Hazardous Substances as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect, and, to the knowledge of the Company, there are no facts or circumstances that reasonably could be expected to give rise to any such notice, Claim, order, complaint, penalty, proceedings, inquiries or investigations as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or prevent, impede or materially delay the Transaction.

(ii) To the knowledge of the Company, the Company holds all of the material Environmental Permits necessary for its operations to comply with all applicable Environmental Laws. The Company is not aware of any reason

that any such Environmental Permits might be revoked or not renewed by any Governmental Authority.

(iii) To the knowledge of the Company, the operations of the Company are and have been conducted in material compliance with all required or applicable Environmental Laws and Environmental Permits.

(iv) To the knowledge of the Company, the Company has not, in a manner that is contrary to Environmental Laws, caused any Releases on, at, from or under any real or immovable property currently or formerly owned, operated, occupied or otherwise utilized by the Company as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect or would be likely to form the basis of any Claim against the Company having individually or in the aggregate, a Material Adverse Effect.

(v) The Company has not, either expressly or by operation of Law, assumed responsibility for or agreed to indemnify or hold harmless any Person for any liability or obligation arising under Environmental Law that is reasonably likely to form the basis of any Claim against the Company having individually or in the aggregate, a Material Adverse Effect.

(vi) Neither the execution of this Agreement, nor the consummation of the Transaction, shall require any material notification to any Governmental Authority or the undertaking of any investigations or remedial actions pursuant to Environmental Law by the Company.

(vii) The Company has made available all material environmental reports, investigations, studies, audits and other environmental documents that are in the Company's possession or control and that have been completed within the past three years that relate to the operations of the Company, or any real or immovable property currently or formerly owned, operated or occupied by the Company.

(viii) There are not, and the Company has not received, as at the date hereof:

(A) any orders or directives from any Governmental Authority under any Law relating to the Environment that require any work, repairs, construction or capital expenditures with respect to the Assets operated by the Company where such orders or directives have not been complied with in all material respects; or

(B) any demands or notices from any Governmental Authority issued under any Laws relating to the Environment with respect to the breach of any Law relating to the Environment applicable to the Assets operated by the Company including in respect of the use, storage, treatment, transportation, handling or disposition of environmental contaminants, or the protection of the Environment, which demand or notice remains outstanding on the date hereof.

(y) Absence of Undisclosed Changes. Except as set forth in the Company Disclosure Letter, there has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Company from the position set forth in the Financial Statements (other than as have been disclosed in the Public Record on or prior to Agreement Date) and the Company has not incurred or suffered a Material Adverse Change since January 1, 2016 (other than as have been disclosed in the Public Record on or prior to Agreement Date) and since that date there have been no material facts, transactions, events or occurrences which would have a Material Adverse Effect on the Company which have not been disclosed in the Public Record.

(z) Insurance. Policies of insurance that are in force as of the Agreement Date naming the Company as an insured adequately and reasonably cover all risks as are prudent and customarily covered by oil and gas producers in the industry in which the Company operates, and having regard to the nature of the risk insured and the relative cost of obtaining insurance, adequately protect the Company's Assets and Operations. All such policies are, and shall remain, in force and effect and shall not be cancelled or otherwise terminated as a result of the Transaction.

(aa) Proceeds of Crime. Neither the Company nor, to the Company's knowledge, any of its directors, officers, Employees, consultants or agents has, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Foreign Corrupt Practice Act of 1977* (United States) (to the extent applicable) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Company and its business, assets and operations and has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

(bb) Whistleblower Reporting. As of the Agreement Date, no Person has reported evidence of a violation of any Applicable Securities Laws, breach of fiduciary duty or similar violation by the Company or its officers, directors, Employees, consultants, agents or independent contractors to an officer of the Company, the audit committee (or other committee designated for that purpose) of the Board of Directors or the Board of Directors.

(cc) Anti-Corruption.

(i) Neither the Company nor, to the Company's knowledge, any of its directors, officers, Employees, consultants or agents has, directly or indirectly: (A) made, offered or authorized any contribution, payment, promise, advantage or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any

jurisdiction or any official of any public international organization; or (B) made any contribution to any candidate for public office, in either case where either the payment or the purpose of such contribution, payment, promise, advantage or gift would violate, or was or would be prohibited under, Applicable Laws, including the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and the Convention's Commentaries, the *U.S. Foreign Corrupt Practices Act of 1977*, as amended, the *Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder, as applicable.

(ii) No action, suit or proceeding by or before any court or Governmental Authority or any arbitrator involving the Company or, to the Company's knowledge, any of its directors, officers, Employees, consultants or agents is pending or threatened under any applicable financial recordkeeping and reporting requirements and under all applicable money laundering laws and statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority, whether in Canada or any other jurisdiction.

(iii) None of the Company nor, to the Company's knowledge, any director, officer, Employee, consultant or agent of the Company, has been or is the subject of any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (in this Section 5.1(cc)(iii) only, "**OFAC**") (including but not limited to the designation as a "specially designated national or blocked person" thereunder), the Government of Canada, Her Majesty's Treasury, the European Union or any other relevant sanctions authority; and the Company is not in violation of any of the economic sanctions of the United States administered by OFAC or economic sanctions of any other relevant sanctions authority or any law or executive order relating thereto (in this Section 5.1(cc)(iii) only, the "**Economic Sanctions**") or is conducting business with any Person subject to any Economic Sanctions.

(dd) Equity Monetization Plans. Other than the Options and the Incentive Awards, there are no outstanding stock appreciation rights, phantom equity, profit sharing plan which are based upon the revenue, value, income or any other attribute of the Company.

(ee) Title. Subject to Permitted Encumbrances: (i) the Company does not have reason to believe that the Company does not have good and marketable title to the Assets or the right to produce and sell Petroleum Substances from the Lands; (ii) while the Company does not warrant title to the Assets, the Company does represent and warrant that such Assets are free and clear of all Encumbrances created by, through or under the Company, and the Company has not received written notice of any default or purported default under the Title and Operating Documents in which the Company derives its interests in the Assets that have not been remedied

in all material respects or if unremedied would in the aggregate, have a Material Adverse Effect on the Company; (iii) subject to the rents, covenants, conditions and stipulations in the Title and Operating Documents, the Company is entitled to hold and enjoy the Assets without any lawful interruption by any Person claiming by, through or under the Company; and (iv) there are no defects, failures or impairments in the title of Company to the Assets, whether or not an action, suit, proceeding or inquiry is pending or threatened in writing or whether or not discovered by any third party, which in the aggregate, could have a Material Adverse Effect on: (x) the quantity and pre-tax present worth values of such Assets as reflected in the McDaniel Report; (y) the current production volumes of the Company; or (z) the current cash flow of the Company.

(ff) No Default Notices. The Company has not received or delivered any written notices of violation or alleged violation of any material provisions of Applicable Laws in respect of the Assets.

(gg) Compliance with Title and Operating Documents. The Company has performed, observed and satisfied in all material respects all of its material duties, liabilities, obligations and covenants required as of the date hereof to be satisfied, performed and observed by it under, and is not in default under or in breach of any material provision of, any Title and Operating Document.

(hh) Pre-emptive Rights. Except as set forth in the Company Disclosure Letter, there are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any Person to acquire any of the rights, title, interests, property, licenses or Assets or Shares of the Company that will be triggered or accelerated by the Arrangement.

(ii) Area of Mutual Interest. None of the Assets is subject to an agreement that provides for an area of mutual interest or an area of exclusion.

(jj) Processing and Transportation Commitments. All of the Transportation, Processing and Sale Agreements of the Company which cannot be terminated within 30 days or less without penalty have been disclosed in writing by the Company, and the Company or any Person acting on its behalf has no Transportation, Processing and Sale Agreements to or by which the Company or any Person acting on its behalf is a party or is bound that are applicable to the production of Petroleum Substances from the Lands or lands pooled or unitized therewith, or to which the Lands or lands pooled or unitized therewith have been dedicated by the Company or any obligations to deliver sales volumes to any other Person which cannot be terminated in 30 days or less without penalty.

(kk) Operating Practices. All Operations prior to the date hereof in respect of which the Company was operator were conducted in all material respects in accordance with generally accepted oil and gas industry practices in Canada and Applicable Laws in effect at the time the Operations were conducted and to the Company's knowledge, all Operations prior to the date hereof in respect of which the Company was not the operator were conducted in all material respects in

accordance with generally accepted oil and gas industry practices in Canada and Applicable Laws in effect at the time the Operations were conducted.

(ll) Take or Pay Obligations. The Company does not have any take or pay obligations of any kind or nature whatsoever.

(mm) No Expropriation. Since December 31, 2015, other than the expiration of Leases in the ordinary course, no assets or property of the Company have been taken or expropriated by any Governmental Authority nor, as of the Agreement Date, has any notice or proceeding in respect thereof been given or commenced or threatened nor, to the knowledge of the Company, is there any intent or proposal to give any such notice or to commence any such proceeding.

(nn) Government Incentives. All filings made by the Company under which it has received or is entitled to government incentives have been made in compliance with all Applicable Laws and contained no misrepresentations which could cause any material amount previously paid to the Company or previously accrued on the accounts thereof to be recovered or disallowed. Any credits, payments or other benefits received or receivable by the Company pursuant to any governmental benefit or incentive program including, without limitation, any royalty holidays or credits to any taxes, royalties or governmental payment or obligations otherwise payable, have been properly received and it has not received any notice of any claim to the contrary.

(oo) Sufficiency of Assets. The Assets are sufficient for the continued conduct of the Company's business after the Effective Date in substantially the same manner as conducted in the six months prior to the Effective Date. The Company has Credit Facilities in the principal amount of up to $225,000,000, subject to a drawdown limit of $219,000,000 (unless the Lenders otherwise agree).

(pp) Material Contracts. The Company has set forth in the Company Disclosure Letter a list of all of the following Contracts in effect on the Agreement Date (the "**Material Contracts**"), correct, current and complete copies of which Material Contracts have each been made available to the Purchaser in the Data Room:

(i) all Contracts containing any rights on the part of any Person, including joint venture partners or entities, to acquire oil and gas or other property rights from the Company having a value in excess of $750,000, other than any such rights under or pursuant to the Title and Operating Documents and given in the customary and ordinary course in the oil and gas business for which no current right of acquisition exists or would be triggered by the Transaction;

(ii) all Contracts containing any rights on the part of the Company to acquire oil and gas or other property rights from any Person having a value in excess of $750,000;

(iii) any Contract in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition of assets or securities

or other equity interests of another Person having a value in excess of $750,000;

(iv) any standstill or similar Contract currently restricting the ability of the Company to offer to purchase or purchase the assets or equity securities of another Person;

(v) all Contracts which entitle a party to rights of termination, the terms or conditions of which may or will be altered, or which entitle a party to any fee, payment, penalty or increased consideration, in each case as a result of the execution of this Agreement, the consummation of the Transaction or a "change in control" of the Company including without limitation any seismic license or similar agreements;

(vi) all Contracts pursuant to which the Company will, or may reasonably be expected to result in an obligation of the Company to, expend more than an aggregate of $750,000 or receive or be entitled to receive revenue of more than an aggregate of $750,000 in either case in the next 12 months;

(vii) all Contracts that contain any non-competition or non-solicitation obligations or otherwise restricts in any material way the business of the Company or includes any exclusive dealing arrangement or any other arrangement that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit in any material respect the ability of the Company to own, operate, sell, transfer, pledge or otherwise dispose of any material assets or business;

(viii) any Contract that relates to indebtedness for borrowed money (as determined in accordance with GAAP) or that relates to the direct or indirect guarantee or assumption by the Company (contingent or otherwise) of any payment or performance obligations of any other Person;

(ix) any Contract that is a Derivative Contract;

(x) any Contract that is an agency or other agreement which allows a third party to bind the Company, other than powers of attorney granted in the ordinary course of business in respect of matters which individually or in the aggregate are not material to the Company; or

(xi) any Contract that is otherwise material to the Company or that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on the Company.

Provided that all such Material Contracts have been duly authorized, executed and delivered by all of the parties thereto other than the Company and that all such Material Contracts constitute legal, valid and binding obligations of the parties thereto other than the Company, enforceable against each of them in accordance with their respective terms, each such Material Contract constitutes a legal, valid

and binding obligation of the Company, enforceable in accordance with their respective terms. All Material Contracts are in full force and effect and are (other than as contemplated herein with respect to the implementation of the New Credit Facility) unamended as of the Agreement Date, and except as set forth in the Company Disclosure Letter, no party thereto is in default in the observance or performance of any term or obligation to be performed by it under any such Material Contract and no event has occurred which with the giving of notice or the passage of time or both would directly or indirectly constitute such a default, in any such case which breach or default would reasonably be expected to have a Material Adverse Effect on the Company.

(qq) Intellectual Property.

(i) Other than its name, the Company does not have any right, title or interest in and to, nor does the Company hold any license in respect of any patents, trade-marks, trade names, service marks, copyrights, know-how, trade secrets, software, technology, or any other intellectual property and proprietary rights that are material to the conduct of its business, as now conducted.

(ii) All computer hardware and their associated firmware and operating systems, application software, database engines and processed data, technology infrastructure and other computer systems (collectively, the "**Technology**") required in connection with the conduct of its business are reasonably sufficient for conducting its business, as now conducted.

(iii) The Company owns or has validly licensed (and is not in breach of such licenses in any material respect) such Technology and has sufficient virus protection and security measures in place in relation to such Technology.

(iv) The Company has reasonably sufficient back-up systems and audit procedures and disaster recovery strategies adequate to ensure the continuing availability of the functionality provided by the Technology, and have ownership of or a valid license to the intellectual property rights necessary to allow them to continue to provide the functionality provided by the Technology in the event of any malfunction of the Technology or other form of disaster affecting the Technology.

(rr) Personal Property. The Company has good and valid title to, or a valid and enforceable leasehold interest in, all personal property owned or leased by it or them, except as are not, individually or in the aggregate, material. None of the Company's ownership of or leasehold interest in any such personal property is subject to any Encumbrances other than Permitted Encumbrances.

(ss) Company Plans. The Company has made available to Purchaser true, complete and correct copies of all Company Plans and any related trust agreement, annuity or insurance contract or other funding vehicle, and:

(i) each Company Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Laws or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;

(ii) all required employer contributions under any such Company Plans have been made and the applicable funds have been funded in accordance with the terms thereof;

(iii) each Company Plan that is required or intended to be qualified under Applicable Laws or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of the Company, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;

(iv) there are no pending or anticipated material claims against or otherwise involving any of the Company Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of the Company Plan activities) has been brought against or with respect to any Company Plan;

(v) all material current obligations of the Company regarding the Company Plans have been satisfied. All payments, contributions, premiums or taxes required to be made or paid by the Company under the terms of each Company Plan or by Applicable Laws in respect of the Company Plans have been made, provided for, or paid in a timely fashion in accordance with Applicable Laws and in accordance with the terms of the applicable Company Plan;

(vi) the Company does not have any formal plan or has made any promise or commitment, whether legally binding or not, to create any additional Company Plan or to improve or change the benefits provided under any Company Plan;

(vii) except as contemplated by this Agreement, none of the Company Plans provide for benefit increases or the acceleration of, or an increase in, securing or funding obligations that are contingent upon or will be triggered by the entering into of this Agreement or the completion of the Transaction; and

(viii) none of the Company Plans provide benefits beyond retirement or other termination of service to Employees or former Employees or to the beneficiaries or dependants of such Employees and where there are such Company Plans, each such Company Plan may be amended or terminated at any time without incurring any liability thereunder other than in respect

of Claims or obligations incurred on or prior to such amendment or termination.

(tt) Collective Agreements.

(i) There exists no collective bargaining agreement or other labour union contract applicable to the Employees.

(ii) The Company has not received any written notification of any unfair labour practice charges or complaints pending before any agency having jurisdiction therefor nor are there any current union representation claims involving any Employees (except for any charges, complaints or claims that are usual course matters and which would not have a Material Adverse Effect on the Company or on the ability of the Company to consummate the Transaction) and the Company is not aware of any such threatened charges or claims.

(iii) The Company is not aware of any union organizing activities or proceedings involving, or any pending petitions for recognition of, a labour union or association as the exclusive bargaining agent for, or where the purpose is to organize, any group or groups of the Employees. There is not currently pending, with regard to any of its facilities, any proceeding before the applicable agency wherein any labour organization is seeking representation of any Employees.

(iv) The Company is not aware of any strikes, work stoppages, work slowdowns or lockouts nor of any threats thereof, by or with respect to any of the Employees.

(v) As of the date hereof, the Company is not a member of any employer, management, trade or industry association with which the Company may be required to bargain collectively on, or contribute in respect of any, terms and conditions of employment affecting the Employees.

(uu) Employees.

(i) The Company has made available a list of all of the directors, officers, Employees and consultants of the Company as of the date of this Agreement and the position, commencement date with the Company, annual compensation and benefits, respectively, in accordance with the applicable privacy Laws. Other than as set forth in the Company Disclosure Letter, as of the date hereof, the Company has no indication from any officers, Employees or consultants of the Company that he or she intends to resign, retire or terminate his or her engagement with the Company as a result of a transaction of the type contemplated by this Agreement or otherwise.

(ii) The Company is not a party to any proceedings under any Applicable Law relating to Employees or former Employees nor, to the knowledge of the

Company, is there any factual or legal basis on which any such proceedings might be commenced.

(iii) Except as set forth in the Company Disclosure Letter, no written Contract in relation to any Employee contains any specific provision in relation to any Employee's termination (including change of control provisions) the application of which shall be triggered by the Transaction.

(iv) The Company is operating in compliance with all occupational health and safety Laws in all material respects in connection with its business. There are no pending or threatened charges against the Company under occupational health and safety Laws. There have been no fatal or critical accidents which have occurred in the course of the operation of the Company's business which is reasonably expected to lead to charges under Applicable Law. The Company has complied with any Orders, directives, judgments, decrees, injunctions, decisions, rulings, awards or writs of any Governmental Authority issued under occupational health and safety Laws.

(v) The Company is in compliance in all material respects with all Applicable Laws regarding employment, employment practices, terms and conditions of employment, employee safety and health, worker classification and other Tax withholdings, prohibited discrimination, equal employment, fair employment practices, meal and rest periods, immigration status, employee safety and health, workers' compensation, leaves of absence, wages (including overtime wages), compensation, and hours of work with respect to the Employees except where the failure to be in compliance with such applicable Laws would not have a Material Adverse Effect. There are no Claims pending, or to the knowledge of the Company, threatened, against the Company brought by or on behalf of any applicant for employment, any current or former employee or any class of the foregoing, relating to any such Law or regulation, or alleging breach of any express or implied contract of employment, wrongful termination of employment, unfair labour practice or any other discriminatory, wrongful or tortuous conduct in connection with the employment relationship. To the knowledge of the Company, there are no charges, investigations, administrative proceedings or formal complaints of discrimination threatened or pending before any Government Authority against the Company pertaining to any Employee.

(vi) To the Company's knowledge, no Employee is in breach of any term of any employment agreement, nondisclosure agreement, noncompetition agreement, fiduciary duty, or any restrictive covenant to a former employer relating to the right of any such Employee to be employed by the Company because of the nature of the business conducted or presently proposed to be conducted by the Company or to the use of trade secrets or proprietary information of others, except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(vii) Each Person providing services to the Company that has been characterized as a consultant or independent contractor and not an Employee has been properly characterized as such and the Company does not have any liability or obligations, including under or on account of any Company Plan, arising out of the hiring or retention of persons to provide services to the Company and treating such Persons as consultants or independent contractors and not as Employees of the Company, except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect.

(vv) Employment Agreements. Except for the Employment Agreements, the Company is not a party to any written Contracts of employment which may not be terminated on more than one month's notice (except under Applicable Laws relating to employment matters) or which provide for payments occurring on a change of control of the Company and except as otherwise permitted by this Agreement, the Company will not become a party to any employment agreement or to any written policy, agreement, obligation or understanding (and for greater certainty, to any amendment to any of the foregoing) which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by Applicable Laws, or which creates rights in respect of loss or termination of office or employment in relation to the Arrangement or which contains any specific agreement as to obligations arising on a change of control or as to notice of termination or severance pay in lieu thereof prior to the Effective Time. The Company has provided true and correct copies of the Employment Agreements and amendments that have been made prior to the Agreement Date, if any, to the Purchaser and no additional amendments to such Employment Agreements have been made or agreed to by the parties thereto.

(ww) Brokers and Finders. Except as set forth in the Company Disclosure Letter, the Company has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Transaction. The Company has made available to the Purchaser true and complete copies of its agreements with any such advisors in the Data Room.

(xx) Derivative Contracts. Other than as set forth in the Public Record, the Company has no obligations or liabilities, direct or indirect, vested or contingent in respect of any Derivative Contract.

(yy) No Limitation. Other than as set forth in the Company Disclosure Letter, there is no non-competition, non-solicitation, exclusivity or other similar agreement, commitment or understanding in place to which the Company is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of the Company in a particular manner or to a particular locality or geographic region or for a limited period of time, and the execution, delivery and performance of this Agreement does not and will not result in the restriction of the Company from engaging in its business or from competing with any Person or in any geographic area.

(zz) Board Approval. Based upon, among other things, the opinion of Peters & Co. Limited, the Board of Directors has unanimously: (i) determined that the Arrangement is in the best interests of the Company and the Securityholders; (ii) approved this Agreement and the Transaction; (iii) determined that the consideration to be received by the Securityholders is fair to the Securityholders; and (iv) resolved to recommend that the Securityholders vote in favour of the Arrangement.

(aaa) Rights Plans. The Company does not have and will not implement any shareholder rights plan or any other form of plan, Contract or instrument that will trigger any rights to acquire Shares or other securities of the Company or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement, with the exception of the Option Plan and the Incentive Plan.

(bbb) Absence of Guarantees and Indemnification. Other than the indemnification of directors and officers in accordance with existing indemnification agreements, the by-laws of the Company or Applicable Laws and other than standard indemnity agreements in underwriting and agency agreements, credit facilities, transfer agent and registrar agreements, and in the ordinary course provided to service providers or pursuant to the Title and Operating Documents, the Company has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, or has or will guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Person.

(ccc) Payments to Employees, etc. The Company has withheld from each payment made to any of its present or former Employees, officers or directors, or to other Persons, all amounts required by Law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar Taxes and levies, and has remitted such withheld amounts within the required time to the appropriate Governmental Authority. The Company has charged, collected and remitted on a timely basis all sales, goods and services, value-added and other commodity Taxes as required under Applicable Laws on any sale, supply or delivery made by them.

(ddd) No Reduction of Interests. Except as is reflected in the McDaniel Report, none of the Assets 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 the Company, which would in the aggregate have a Material Adverse Effect on the Company.

(eee) Royalties, Rentals and Taxes Paid. To the knowledge of the Company, all royalties, and all ad valorem, property, production, severance and similar Taxes, assessment and rentals payable on or before the Agreement Date and based on, or measured by, the Company's ownership of the Assets, the production of Petroleum Substances from the Assets or the receipt of proceeds therefrom under the Title and Operating Documents pertaining to the Assets and all ad valorem,

property, production, severance and similar Taxes and assessments based upon or measured by the ownership of such assets or the production of Petroleum Substances derived therefrom or allocated thereto or the proceeds of sales thereof payable on or before the Agreement Date have been properly paid in full and in a timely manner, except to the extent that such non-payment would not, in the aggregate, have a Material Adverse Effect on: (x) the quantity and pre-tax present worth values of the Assets as reflected in the McDaniel Report; (y) the current production volumes of the Company; or (z) the current cash flow of the Company.

(fff) Joint Venture or Royalty Audits. There are no ongoing or proposed (i) joint venture audits by a third party under the Title and Operating Documents, (ii) royalty audits by any owner pursuant to the Title and Operating Documents, or (iii) otherwise relating to the Assets.

(ggg) Title to Facilities. Except for Permitted Encumbrances, the Company has good and marketable title to the Facilities, free and clear of all Encumbrances.

(hhh) Production Allowables and Production Penalties.

(i) To its knowledge, none of the Wells in which the Company holds an interest have been produced in excess of applicable production allowables imposed by any Applicable Laws or any Governmental Authority and the Company has no knowledge of any impending change in production allowables imposed by any Applicable Laws 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; and

(ii) The Company has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority, including gas oil ratio, off target and overproduction penalties imposed by any Governmental Authority that may be applicable, and, to its knowledge, none of the Wells in which it holds an interest is subject to any such penalty or restriction,

except, in either case, to the extent that such events would not in the aggregate have a Material Adverse Effect on the Company.

(iii) Proprietary Rights/Seismic Data. The Company has good, valid and marketable title to its proprietary Seismic Data. A list of the non-proprietary Seismic Data has been provided to the Purchaser by the Company (the "**Seismic Data List**"). The Company has a valid right or licence to use or view (as described in the Seismic Data List) all of the Seismic Data described in the Seismic Data List in accordance with and subject to the terms of the agreements pertaining thereto.

(jjj) Operation and Condition of Wells. All Wells in which the Company holds an interest:

(i) for which the Company was or is operator, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly restored) in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws; and

(ii) for which the Company was not or is not operator, to the Company's knowledge, were or have been drilled and, if and as applicable, completed, operated and abandoned (and if abandoned, plugged and abandoned and the wellsite therefor properly restored) in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws;

except, in either case, to the extent that such non-compliance with prudent oil and gas industry practices or Applicable Laws would not in the aggregate have a material adverse effect on the Company. The Company has provided a complete list of the Company's current *bona fide* good faith estimate of Abandonment and Reclamation Liabilities to the Purchaser.

(kkk) Operation and Condition of Tangibles. The Company's tangible depreciable property used or intended for use in connection with the Assets:

(i) for which the Company was or is operator, was or has been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which the Company 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 the Company was not or is not operator, to the Company's knowledge, was or has been constructed, operated and maintained in accordance with good and prudent oil and gas industry practices in Canada and all Applicable Laws during all periods in which the Company was not 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 gas industry practices or Applicable Laws or failure to be in good condition and repair would not in the aggregate have a Material Adverse Effect on the Company.

(lll) Outstanding AFEs. Except as set forth in the Company Disclosure Letter, there are no outstanding authorizations for expenditure exceeding $100,000 pertaining to any of the Assets or any other commitments, approvals or authorizations pursuant to which an expenditure may be required to be made in respect of such Assets subsequent to the Agreement Date.

(mmm) Accounts Receivable and Payable. The trade accounts receivable of the Company: (i) arose from *bona fide* transactions in the ordinary course of its business consistent with past practices; (ii) have not been discounted materially other than in the ordinary course consistent with past practices; (iii) to the Company's

knowledge, have not been subject to the assertion of any material counterclaims or rights of set off with respect thereto that are material in the aggregate; and (iv) are assessed for collectability on a regular basis and are discounted or written off in an appropriate and timely manner. Payments on the trade accounts payable of the Company are made to the appropriate third parties in a timely manner without incurring any material payment penalties in connection therewith.

(nnn) Bank Accounts. The Company has disclosed in writing to the Purchaser an accurate and complete list of each financial institution in or with which the Company has an account, credit line or safety deposit box, and the names of all persons currently authorized to draw thereon or having access thereto.

(ooo) First Nations, Metis and Native Issues. Except as set forth in the Company Disclosure Letter, the Company:

(i) is not a party to any arrangement or understanding with local or First Nations or Metis or tribal or native authorities or communities in relation to the Environment or development of communities in the vicinity of its properties, facilities or other interests; and

(ii) has not received notice of any claim with respect to its Assets for which the Company has been served, either from First Nations or Metis or tribal or native authorities or any other Governmental Authority, indicating that any of its properties, facilities or other interests infringe upon or has an adverse effect on aboriginal rights or interests of such First Nations or Metis or Tribal or native authorities.

(ppp) No Multi-Jurisdictional Pipeline Interests. The Company does not hold any ownership or leasehold interests in any pipelines that cross any provincial or international boundaries.

(qqq) Description of Wells, Facilities and Lands. The Company has provided to the Purchaser in the Data Room a complete and accurate description of all Wells, Facilities and Lands as at the Agreement Date.

(rrr) Offset Obligations. As at the Agreement Date, except as set forth in the Company Disclosure Letter, the Company is not aware of any outstanding offset obligations, and has not received any offset notices nor default notices under the terms of any Lease to which it is a party which is has not fully satisfied or has been waived.

(sss) Location of Assets and U.S. Sales. All of the assets of the Company, including all entities "controlled by" the Company 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 during the Company's most recent completed fiscal year.

(ttt) Investment Canada Act. The "enterprise value" of the Company, calculated in the manner prescribed in the *Investment Canada Regulations*, is less than $600,000,000.

(uuu) Foreign Private Issuer. (i) The Company is a "foreign private issuer" as defined in Rule 3b-4 under the U.S. Exchange Act; and (ii) no class of securities of the Company is, or during the past 12 months has been, registered or required to be registered pursuant to Section 12 of the U.S. Exchange Act, nor is the Company subject to any reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act.

(vvv) Investment Company. The Company is not registered or required to be registered as an "investment company" pursuant to the *United States Investment Company Act of 1940*, as amended.

(www) Confidentiality Agreement. All agreements entered into by the Company with Persons other than the Purchaser or their respective representatives regarding the confidentiality of information provided to such Persons or reviewed by such Persons with respect to an Acquisition Proposal contain customary provisions, including standstill provisions and the Company has not waived the standstill or other provisions of any of such agreements.

(xxx) No Withholding. The data and information in respect of the Company and its assets, liabilities, business and operations provided by the Company and the Company Representatives to the Purchaser or the Purchaser Representatives was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, the Company has not knowingly withheld from the Purchaser any document in its possession (or a summary of any document that could not be provided due to confidentiality restrictions) requested by the Purchaser for the purpose of conducting its due diligence investigations in respect of the Company and its assets, liabilities, business and operations and the Company did not omit to provide any information that would reasonably be expected to cause any information so provided by the Company to be misleading in any material respect.

(yyy) Off-Balance Sheet Arrangements. The Company does not have any "off-balance sheet arrangements" as such term is defined under GAAP.

(zzz) Flow-Through Obligations. The Company has not entered into any agreements or made any covenants with any parties with respect to the issuance of "flow-through shares" (as defined in the Tax Act) or the incurring and renunciation of "Canadian exploration expense" or "Canadian development expense" (each as defined in the Tax Act), which amounts have not been fully expended and renounced as required thereunder.

(aaaa) Transaction Costs. The aggregate Transaction Costs shall not exceed the amount set forth in the Company Disclosure Letter (subject to the exceptions noted therein). The Company has set forth in the Company Disclosure Letter the

Company's *bona fide* good faith estimate of each component of the Transaction Costs.

(bbbb) No Collateral Benefit. No "related party" or any "associated entity" of such related party of the Company who may be considered to receive any "collateral benefit" (within the respective meanings ascribed to such terms in MI 61-101) beneficially owns or exercises control or direction over more than one percent of the outstanding securities of any class of securities of the Company other than James Saunders.

(cccc) Employee Obligations. The aggregate Employee Obligations shall not exceed the amount set forth in the Company Disclosure Letter (subject to the exceptions noted therein). The Company has set forth in the Company Disclosure Letter the Company's *bona fide* good faith estimate of each component of the Employee Obligations.

(dddd) Production. The Company's average daily production for the three months ended March 31, 2016 was not less than 13,900 boe per day of natural gas, oil and natural gas liquids. For the purposes of the foregoing, a boe conversion ratio of six thousand cubic feet of gas for one boe was used when converting natural gas to boes.

(eeee) Undeveloped Land. The Company's net undeveloped land position at March 31, 2016 was not less than 215,000 net acres.

(ffff) Tax Pools. The Company's tax pools at March 31, 2016 were as disclosed in writing by the Company to the Purchaser. Since March 31, 2016, the Company has not taken any action or entered into any transaction outside of the ordinary course of business that would have the effect of materially reducing such pools.

5.2 Survival of Representations and Warranties of the Company

The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

5.3 Privacy Issues

(a) For the purposes of this Section 5.3, "**Transferred Information**" means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as a representative of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (for purposes of this Section 5.3, "**Recipient**") by or on behalf of the other Party (for purposes of this Section 5.3, "**Disclosing Party**") as a result of or in conjunction with the Transaction, and includes all such personal information disclosed to the Recipient on or prior to the Agreement Date.

(b) Each Disclosing Party covenants and agrees to, upon request, use reasonable efforts to advise the Recipient of the purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and the additional purposes where the Disclosing Party has notified the individual of such additional purpose, and where required by law, obtained the consent of such individual to such use or disclosure.

(c) In addition to its other obligations hereunder, Recipient covenants and agrees to:

(i) prior to the completion of the Transaction, collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the Transaction;

(ii) after the completion of the Transaction,

(A) collect, use and disclose the Transferred Information only for those purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates or for the completion of the Transaction, unless (1) the Disclosing Party or Recipient has first notified such individual of such additional purpose, and where required by Law, obtained the consent of such individual to such additional purpose, or (2) such use or disclosure is permitted or authorized by Law, without notice to, or consent from, such individual; and

(B) where required by Law, promptly notify the individuals to whom the Transferred Information relates that the Transaction has taken place and that the Transferred Information has been disclosed to Recipient;

(iii) return or destroy the Transferred Information, at the option of the Disclosing Party, should the Transaction not be completed; and

(iv) notwithstanding any other provision herein, where the disclosure or transfer of Transferred Information to Recipient requires the consent of, or the provision of notice to, the individual to which such Transferred Information relates, to not require or accept the disclosure or transfer of such Transferred Information until the Disclosing Party has first notified such individual of such disclosure or transfer and the purpose for same, and where required by Applicable Law, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the Transaction and as authorized or permitted by Law.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 Mutual Conditions Precedent

The respective obligations of the Parties to completion of the Transaction are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent:

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

(b) the Arrangement Resolution shall have been approved by the Securityholders at the Company Meeting in accordance with the Interim Order;

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

(d) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of the Purchaser and the Company, acting reasonably;

(e) the Competition Act Approval and Investment Canada Act Approval shall have been obtained on terms and conditions satisfactory to each of the Company and the Purchaser, acting reasonably;

(f) all required Regulatory Approvals and consents necessary for the completion of the Arrangement, other than those otherwise contemplated in Section 6.1(e), shall have been obtained on terms and conditions satisfactory to each of the Company and the Purchaser, acting reasonably;

(g) no action shall have been taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued after the Agreement Date by any Governmental Authority, that:

  (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Transaction; or

  (ii) results in a judgment or assessment of material damages directly or indirectly relating to the Transaction; and

(h) this Agreement shall not have been terminated pursuant to Article 8.

The foregoing conditions are for the mutual benefit of the Company, on the one hand, and the Purchaser, on the other hand, and may be waived, in whole or in part, jointly by the Company and the Purchaser, at any time. If any of the foregoing conditions precedent shall not be

complied with or waived by both of the Company and the Purchaser as aforesaid on or before the Outside Date then, subject to Section 6.5, either the Company or the Purchaser may terminate this Agreement by written notice to the other Parties in accordance with the procedures set forth in Article 8 (without prejudice to any other rights that such Party may have) in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of the Purchaser's breach of this Agreement, in the event of a proposed termination by the Purchaser, or the Company's breach of this Agreement, in the event of a proposed termination by the Company.

6.2 Additional Conditions to Obligations of the Purchaser

The obligations of the Purchaser to completion of the Transaction are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent:

(a) all covenants of the Company under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Company in all material respects, and the Purchaser shall have received a certificate of the Company addressed to the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of the Company in this Agreement which are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct as of such specified date) and all other representations and warranties of the Company in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct in all material respects as of such specified date) except, in each case, for any inaccuracy in such representations and warranties which, individually or in the aggregate, would not or would not reasonably be expected to have a Material Adverse Effect, and the Purchaser shall have received a certificate of the Company, addressed to the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(c) the Company shall have furnished the Purchaser with:

(i) a certified copy of each resolution duly passed by the Board of Directors approving the execution and delivery of this Agreement and the performance by the Company of its obligations under this Agreement and the consummation of the Transaction;

(ii) a certified copy of the Arrangement Resolution approved by the Shareholders and, subject to the occurrence of the events described in Section 2.9(f), the Optionholders, at the Company Meeting; and

(iii) a certified copy of the Arrangement Resolution approved by Company Debentureholders at the Company Meeting;

(d) since the date hereof, there shall not have occurred or been disclosed a Material Adverse Change, and the Purchaser shall have received a certificate of the Company addressed to the Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(e) the aggregate number of Shares held, directly or indirectly, by those holders of such Shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 5% of the aggregate number of Shares outstanding as of the Effective Time;

(f) there shall not be pending or threatened, any suit, action or proceeding by any Person other than a Governmental Authority which in the judgement of the Purchaser, acting reasonably, has a reasonable likelihood of success, or by any Governmental Authority:

(i) seeking to prohibit, restrict or materially delay the acquisition by the Purchaser of any Shares or Debentures, seeking to restrain or prohibit the consummation of the Arrangement or any of the material terms and conditions of the Transaction or seeking to obtain from the Company any material damages directly or indirectly in connection with the Transaction;

(ii) seeking to prohibit or limit the ownership or operation by the Company, the Purchaser or any of their respective affiliates of any material portion of the business or assets of the Company or to compel the Purchaser to dispose or divest of or hold separate any material portion of the business or assets of the Company;

(iii) seeking to impose material limitations on the ability of the Purchaser to acquire, hold, or exercise full rights of ownership of the Shares;

(iv) seeking to prohibit the Purchaser from effectively controlling in any material respect the business or operations of the Company; or

(v) which, if successful, in the judgement of the Purchaser is reasonably likely to have a Material Adverse Effect;

(g) all of the outstanding Options (subject to the occurrence of the events described in Section 2.9(f)) and Incentive Awards shall have been exercised or been cancelled or terminated;

(h) if requested by the Purchaser, on the Effective Date, each of the directors and officers of the Company shall have provided his or her resignation and each such director or officer shall have executed and delivered a mutual release in favour of the Company and the Purchaser, in a form and content satisfactory to the Purchaser, acting reasonably, which shall contain, without limitation, a mutual release in respect of all Claims, except for Claims relating to: (i) outstanding obligations under the Employment Agreements (subject to the terms of any acknowledgement, waiver and mutual release executed by such director or officer pursuant to Section 6.2(i)); (ii) indemnification or reimbursement granted to such director or officer pursuant to the terms of the by-laws of the Company, the ABCA and any written indemnity agreements entered into between the Company and such director or officer; (ii) any directors' and officers' insurance policies maintained for the benefit of such director or officer by the Company or its successors and assigns; and (iii) fraud, intentional misrepresentation or willful misconduct on the part of such director or officer;

(i) each of the Company Executives shall have:

(i) executed and delivered an amended and restated executive employment agreement (to be effective on the Effective Date) containing terms established by the Purchaser in form and substance satisfactory to the Purchaser;

(ii) not taken any action or expressed any intent to rescind or cancel such amended and restated executive employment agreement or any related agreement; and

(iii) executed and delivered an acknowledgement, waiver and mutual release in favour of the Company and the Purchaser in exchange for the payment of the amounts set forth in the Company Disclosure Letter in a form and content satisfactory to the Purchaser, acting reasonably, which shall contain, without limitation, a mutual release in respect of all Claims, except for Claims relating to: (A) obligations under such Company Executive's amended and restated employment agreement; and (B) fraud, intentional misrepresentation or willful misconduct on the part of such Company Executive;

(j) the Purchaser shall be satisfied that, immediately prior to the Effective Time, there shall not be more than 379,277,292 Shares outstanding (including no more than 24,563,223 Shares are issued pursuant to the Incentive Awards and assuming that no Options have been exercised since the Agreement Date and no Shares are issued upon the conversion of any Debentures) and the Purchaser shall be satisfied that upon completion of the Arrangement no person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued Shares;

(k) the consent of the Lenders pursuant to the Credit Agreement to the Transaction shall have been obtained on terms and conditions satisfactory to the Purchaser (the "**Bank Consent**");

(l) the approval and agreement of the Lenders to:

(i) forbear from exercising any remedies of any kind until August 15, 2016 or as otherwise set forth in the Forbearance Agreement arising from or in connection with (A) the non-payment by the Company of the Non-Revolving Facility on the Agreement Date or (B) any failure to pay interest under the Debentures, pursuant to the Forbearance Agreement;

(ii) the continued availability of the Credit Facilities such that the Company has continued access to funds under the Credit Agreement during the Interim Period, in each case with no incremental "restructuring" or "relaxation" fees or other fees or charges which might otherwise be associated with the Company's repayment obligations or required term extensions under the Credit Agreement, other than interest at a rate no more than prime plus [redacted]% per annum and payment of standby fees set forth therein;

(iii) no further cash sweeps of the Company or other actions which result in the Company not being able to continue in the ordinary course of business from the date of the Letter of Intent to the Effective Time;

(iv) limit or reduce the scope of work of the monitor appointed by the Lenders; and

(v) discharge the fixed charge security registered against the Assets in favour of the Lenders at any time upon the completion of the Transaction at the request and the sole cost of the Company,

in each case on terms and conditions satisfactory to the Purchaser;

(m) no default or event of default has occurred or is continuing under the Credit Agreement or any Derivative Contract during the Interim Period that is not the subject of the Forbearance Agreement or any extension or amendment thereof or which has not been remedied by the Company within the applicable cure period, if any, or if such default or event of default has not been so remedied or for which there is no remedy, such default or event of default has been waived or consented to by the applicable parties, in each case on terms and conditions acceptable to the Purchaser, in its sole discretion;

(n) no default or event of default has occurred or is continuing under the Debenture Indenture which has resulted in the declaration of the principal of, premium if any, on and interest on all Debentures then outstanding and all other monies outstanding under the Debenture Indenture to be due and payable and/or the enforcement of the same in accordance with the terms of the Debenture Indenture, or such default or event of default has been waived in accordance with the terms

of the Debenture Indenture, in each case on terms and conditions acceptable to the Purchaser, in its sole discretion;

(o) the Credit Agreement shall have been amended and restated, on terms and conditions satisfactory to the Purchaser, to provide for the establishment of a new senior secured revolving credit facility for the benefit of the Company in a minimum principal amount of $[redacted] million to be available at the Effective Date (the "**New Credit Facility**");

(p) the Purchaser shall have been provided with the Lender Payout Letter, consistent with the form referred to in the New Credit Facility, and the form and substance of which Lender Payout Letter will be subject to the prior review and approval of the Purchaser;

(q) other than the Bank Consent, the consent, approval, waiver of, or notice to, the counterparties to each Contract set forth in the Company Disclosure Letter relating to the execution and delivery of this Agreement or the consummation of the Transaction shall have been provided or obtained to the extent required under such Contract on terms acceptable to the Purchaser, acting reasonably; and

(r) the Purchaser shall have received evidence satisfactory to it that all Encumbrances other than Permitted Encumbrances have been discharged and that the Assets are free and clear of all Encumbrances other than Permitted Encumbrances.

The foregoing conditions precedent are for the exclusive benefit of the Purchaser and may be waived, in whole or in part, by the Purchaser in writing at any time in its sole discretion without prejudice to any other rights it may have. If any of the foregoing conditions shall not be complied with or waived by the Purchaser on or before the Outside Date, then subject to Section 6.5, the Purchaser may terminate this Agreement in accordance with the procedures set forth in Article 8 in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of the Purchaser's breach of this Agreement.

6.3 Additional Conditions to the Obligations of the Company

The obligations of the Company to complete the Transaction shall also be subject to the following conditions precedent:

(a) all covenants of the Purchaser under this Agreement to be performed on or before the Effective Time shall have been duly performed by them in all material respects, and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Purchaser by an authorized signatory, on the Purchaser's behalf and without personal liability, confirming the same as of the Effective Date;

(b) the representations and warranties of the Purchaser in this Agreement which are qualified by the expression "material" shall be true and correct as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties

shall be true and correct as of such specified date) and all other representations and warranties of the Purchaser in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct in all material respects as of such specified date), and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Purchaser by an authorized signatory of the Purchaser, on the Purchaser's behalf and without personal liability, confirming the same as of the Effective Date;

(c) the Purchaser shall have furnished the Company with a certified copy of each resolution duly passed by the board of directors of the Purchaser approving the execution and delivery of this Agreement and the performance by the Purchaser of its obligations under this Agreement;

(d) the Purchaser shall have irrevocably deposited, or caused to be deposited with the Depositary, and the Company shall have received written confirmation of the receipt of such funds by the Depositary, the aggregate amount payable to the Securityholders under the Arrangement, in accordance with Section 2.8; and

(e) the Purchaser shall have irrevocably deposited, or caused to be deposited with the Depositary, the Purchaser Loan in accordance with Section 3.7.

The foregoing conditions precedent are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in writing at any time in its sole discretion without prejudice to any other rights it may have. If any of the foregoing conditions shall not be complied with or waived by the Company on or before the Outside Date, then subject to Section 6.5, the Company may terminate this Agreement in accordance with the procedures set forth in Article 8 in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of the Company's breach of this Agreement.

6.4 Satisfaction of Conditions

The conditions precedent set out in Sections 6.1, 6.2 and 6.3 shall be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Registrar following the filing of the Articles of Arrangement in accordance with the terms of this Agreement. For greater certainty, and notwithstanding the terms of any escrow arrangement entered into between the Purchaser and the Depositary, all funds held in escrow by the Depositary pursuant to Section 2.8 shall be released from escrow when the Certificate of Arrangement is issued by the Registrar without any further act or formality required on the part of any person.

6.5 Notice and Effect of Failure to Comply with Covenants or Conditions

(a) Each Party shall give prompt written notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement in accordance with its terms and the Effective

Time, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time;

(ii) result in the failure to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time; or

(iii) result in the failure to satisfy any of the conditions precedent in its favour set forth in Sections 6.1, 6.2 or 6.3, as the case may be.

(b) The Purchaser may not exercise its right to terminate this Agreement pursuant to Section 8.1(c)(ii) and the Company may not exercise its right to terminate this Agreement pursuant to Section 8.1(d)(ii) unless the Party seeking to terminate this Agreement shall have 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 termination right. If any such notice is delivered, provided that the Party to whom the notice was delivered is proceeding diligently to cure such matter and such matter is reasonably capable of being cured (it being agreed that matters arising out of the failure to make appropriate disclosure in writing to the Purchaser are not capable of being cured), the Party delivering such notice may not exercise such termination right until the earlier of (i) the Outside Date; and (ii) the date that is 20 days following receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date.

(c) Each Party shall promptly notify the other Party of:

(i) any communication from any Person alleging that the consent of such Person (or another Person) is or may be required in connection with the Transaction (and the response thereto from such Party or its representatives); and

(ii) any material legal actions or proceedings threatened or commenced against or otherwise affecting such Party or any of its affiliates that are related to the Transaction.

ARTICLE 7
AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time be amended by the mutual written agreement of the Parties. The Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be

amended by the mutual written agreement of the Parties, subject to the Interim Order, the Final Order and Applicable Laws.

ARTICLE 8
TERMINATION; WAIVER

8.1 Termination

This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of this Agreement, the Arrangement Resolution or the Arrangement by the Securityholders and/or the Court):

(a) by mutual written agreement of the Parties; or

(b) by either the Purchaser or the Company if:

(i) the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Section 8.1(b)(i) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) the Arrangement Resolution shall have failed to receive the requisite vote of the Securityholders of record for approval at the Company Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

(iii) after the date hereof, there shall be enacted or made any Applicable Law (or any such Applicable Law shall have been amended) that makes the consummation of the Arrangement illegal or otherwise prohibited or enjoins the Company or the Purchaser from consummating the Arrangement and such Applicable Law (if applicable) or enjoinment shall have become final and non-appealable; or

(c) by the Purchaser:

(i) if a "**Change in Recommendation**" occurs as described in paragraphs (A) through (H) below:

(A) the Board of Directors fails to make any of the recommendations or determinations referred to in Section 2.4(c) or in the manner contemplated by Section 2.4(c) in a manner adverse to the Purchaser;

(B) the Board of Directors withdraws, changes or modifies, any of the recommendations or determinations referred to in Section 2.4(c) in a manner adverse to the Purchaser;

(C) the Board of Directors fails to publicly reaffirm any of the recommendations or determinations referred to in Section 2.4(c) within two Business Days of a request from the Purchaser to do so;

(D) the Board of Directors fails to publicly reaffirm any of the recommendations or determinations referred to in Section 2.4(c) within five Business Days of the public announcement of an Acquisition Proposal;

(E) the Board of Directors accepts, approves, endorses or recommends to Securityholders, to the extent applicable, an Acquisition Proposal;

(F) the Company enters into a written agreement in respect of an Acquisition Proposal (other than a confidentiality agreement permitted by Section 3.4(b)(vi));

(G) the Board of Directors recommends that the Securityholders deposit their Shares or Debentures under, vote in favour of, or otherwise accept an Acquisition Proposal; or

(H) the Board of Directors shall have resolved to do any of the foregoing;

(ii) provided that the Purchaser is not then in breach of this Agreement that would give rise to a right of termination by the Company pursuant to this Agreement, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Section 6.1 or Section 6.2 not to be satisfied, and such breach or failure is incapable of being cured or is not cured by the earlier of:

(A) the date that is 20 days following the Purchaser's delivery of notice of such breach; and

(B) the Outside Date,

such that if determined on such date any of the conditions set forth in Section 6.1 or Section 6.2 would not be satisfied;

(iii) on payment of the Break Fee payable pursuant to Section 8.2; or

(iv) on payment of the Reverse Break Fee pursuant to Section 8.2, in the event that all of the conditions in favour of the Purchaser in this Agreement have been met (other than such conditions that, by their terms, cannot be satisfied until the Effective Time); or

(d) by the Company:

(i) on payment of the Break Fee payable pursuant to Section 8.2, in the event that the Company determines to enter into an agreement in connection with a Superior Proposal in the circumstances set out in Section 3.4(d) and otherwise after having complied with its obligations in Section 3.4; or

(ii) provided that the Company is not then in breach of this Agreement that would give rise to a right of termination by the Purchaser pursuant to this Agreement, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or the Purchaser set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Section 6.1 or Section 6.3 not to be satisfied, and such breach or failure is incapable of being cured or is not cured by the earlier of:

(A) the date that is 20 days following the Company's delivery of notice of such breach; and

(B) the Outside Date,

such that if determined on such date any of the conditions set forth in Section 6.1 or Section 6.3 would not be satisfied.

8.2 Expenses and Termination Fees

(a) Except as otherwise provided herein, each Party shall pay all other fees, costs and expenses incurred by such Party in connection with this Agreement and the Arrangement.

(b) If a Break Fee Event occurs, the Company shall pay in cash as directed by the Purchaser in writing (by wire transfer of immediately available funds) the Break Fee in accordance with Section 8.2(d), and if a Reverse Break Fee Event occurs, the Purchaser shall pay in cash as directed by the Company in writing (by wire transfer of immediately available funds) the Reverse Break Fee in accordance with Section 8.2(h);

(c) For the purposes of this Agreement, "**Break Fee**" means an amount equal to $5,000,000 and "**Break Fee Event**" means:

(i) the termination of this Agreement by the Purchaser pursuant to Section 8.1(c)(i) or Section 8.1(c)(ii); or

(ii) the termination of this Agreement by the Company pursuant to Section 8.1(d)(i);

(iii) the failure of the Arrangement Resolution to obtain the Securityholder Approval at the Company Meeting where an Acquisition Proposal is made or announced (whether privately or otherwise) prior to or at the end of the Company Meeting and such Acquisition Proposal is completed on or prior to the date that is six months from the date of termination of this

Agreement by the Purchaser or the Company pursuant to Section 8.1(b)(ii); or

(iv) prior to the date of the Company Meeting, the Company or any of the Company Representatives have breached Section 3.4 and the Arrangement Resolution is not approved at the Company Meeting in the manner required by the Interim Order.

(d) If a Break Fee Event occurs in circumstances described in Section 8.2(c):

(i) other than as set out in Section 8.1(c)(i)(F), the Break Fee shall be paid within five Business Days of the occurrence of such Break Fee Event; or

(ii) in the circumstances set out in Section 8.1(c)(i)(F), the Break Fee shall be paid within five Business Days of the determination of the Board of Directors to enter into such a written agreement and prior to the Company entering into such agreement.

(e) If the Company fails to pay the Break Fee when due hereunder, and, in order to obtain such payment, the Purchaser commences a suit that results in a judgement against the Company for such amount, the Company shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by the Purchaser in connection with such suit.

(f) If the Company pays to the Purchaser the Break Fee as a result of the occurrence of any of the Break Fee Events then the Purchaser shall have no other remedy with respect to the occurrence of such event (subject to Section 8.2(e)); provided, however, that this limitation shall not apply in the event of fraud or willful breach of this Agreement by the Company. For greater certainty, the Company shall not be required to pay the Break Fee more than once.

(g) For purposes of this Agreement, "**Reverse Break Fee**" means an amount equal to $5,000,000 and "**Reverse Break Fee Event**" means the termination of this Agreement:

(i) by the Purchaser pursuant to Section 8.1(c)(iv); or

(ii) by the Company pursuant to Section 8.1(d)(ii).

(h) If a Reverse Break Fee Event occurs the Reverse Break Fee shall be paid within five Business Days of the occurrence of such Reverse Break Fee Event.

(i) If the Purchaser fails to pay the Reverse Break Fee when due hereunder, and, in order to obtain such payment, the Company commences a suit that results in a judgment against the Purchaser for such amount, the Purchaser shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by the Company in connection with such suit.

(j) If the Purchaser pays to the Company the Reverse Break Fee as a result of the occurrence of the Reverse Break Fee Event then the Company shall have no other

remedy with respect to the occurrence of such event (subject to Section 8.2(i)); provided, however, that this limitation shall not apply in the event of fraud or willful breach of this Agreement by the Purchaser. For greater certainty, the Purchaser shall not be required to pay the Reverse Break Fee more than once.

(k) Each Party acknowledges that the agreements contained in this Section 8.2 are an integral part of the Transaction and that, without those agreements, the other Party would not enter into this Agreement. Each Party acknowledges that the Break Fee and Reverse Break Fee, as applicable, set out in this Section 8.2 is a payment of liquidated damages which are a genuine pre-estimate of the damages that the Purchaser and the Company, respectively, will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and is not a penalty. Each Party irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

8.3 Notice and Effect of Termination

(a) The Party desiring to terminate this Agreement pursuant to Section 8.1 (other than pursuant to Section 8.1(a)) shall give notice of such termination to the other Party setting out in reasonable detail the facts and circumstances giving rise to such Party's right to terminate this Agreement in accordance with Section 8.1.

(b) If this Agreement is terminated pursuant to Section 8.1, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to the other Party hereto, except that the provisions of this Section 8.3, Sections 2.4(g), 2.4(h), 5.3, 8.2, 10.1, 10.2, 10.3, 10.5, 10.6, 10.7, 10.8 and Article 9 shall survive any termination hereof pursuant to Section 8.1.

(c) Neither the termination of this Agreement nor anything contained in this Section 8.3 shall relieve any Party of any liability for any breach of this Agreement.

8.4 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provisions, nor, shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor, shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable Laws.

ARTICLE 9
NOTICES

9.1 Notices

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or by courier, on the date of their transmittal (if on a Business Day during normal business hours of the recipient and, if not, on the next Business Day) if sent by facsimile or e-mail transmission, or as of the following Business Day if sent by prepaid overnight courier to the Parties at the following addresses:

(a) if to the Purchaser:

Reignwood Resources Holding Pte. Ltd.
3 Anson Road
Level 21, Springleaf Tower
Singapore 079909

Attention: William Sun, Chief Executive Officer
Fax: +(65) 6227 2236
E-mail: wsun@horizonholding.ca

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, 450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Andrea Whyte
Fax: (403) 260-7094
E-mail: awhyte@osler.com

(b) if to the Company:

Twin Butte Energy Ltd.
410, 396 – 11 Avenue S.W.
Calgary, Alberta
T2R 0C5

Attention: R. Alan Steele
Fax: (403) 215-2055
E-mail: asteele@twinbutteenergy.com

with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 – 8th Avenue S.W.
Calgary, AB T2P 1G1

Attention:	Fred Davidson
Fax:	(403) 260-0332
E-mail:	fdd@bdplaw.com

or to such other address as a Party may, from time to time, advise to the other Party by notice in writing in accordance with the provisions of this Section 9.1.

9.2 Service of Process

The Purchaser hereby irrevocably designates Osler, Hoskin & Harcourt LLP (in such capacity, the "**Process Agent**"), with an office at Suite 2500, TransCanada Tower, 450 – 1st Street S.W., Calgary, AB T2P 5H1, as its designee, appointee and agent to receive, for and on its behalf, service of process in such jurisdiction in any legal action or proceedings with respect to this Agreement or the Transaction, and such service shall be deemed complete upon delivery thereof to the Process Agent; provided that in the case of any such service upon the Process Agent, the Party effecting such service shall also deliver a copy thereof to the Purchaser in the manner provided in Section 9.1. The Purchaser shall take all such action as may be necessary to continue said appointment in full force and effect or to appoint another agent so that the Purchaser shall at all times have an agent for service of process for the above purposes in the Province of Alberta. In the event of the transfer of all or substantially all of the assets and business of the Process Agent to any other entity by consolidation, merger, sale of assets or otherwise, such other entity shall be substituted hereunder for the Process Agent with the same effect as if named herein in place of Osler, Hoskin & Harcourt LLP. Nothing herein shall affect the right of any Party to serve process in any manner permitted by applicable Law.

ARTICLE 10
GENERAL

10.1 Assignment

Neither this Agreement nor, any of the rights, interests or obligations hereunder may be assigned by either Party without the express, prior written consent of the other Party. Notwithstanding the foregoing, the Purchaser shall be entitled, without the consent of the Company, to assign any of its rights or obligations under this Agreement to one or more affiliates of the Purchaser who agree to be bound by the applicable covenants of the Purchaser contained herein and comply with the applicable provisions of this Agreement and who delivers to the Company a duly executed undertaking to such effect provided that any such assignment shall not relieve the Purchaser of any of its obligations hereunder, and provided further that if such assignment takes place, the Purchaser shall continue to be fully liable as primary obligor, on a joint and several basis with any such entity, to the Company for any default in performance by the assignee of any of the Purchaser's obligations hereunder.

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 of its directors, officers, employees or agents to issue, any news release or other written statement with respect to this Agreement or the Arrangement. Notwithstanding the foregoing, if either Party is required by Applicable Laws, or the rules of any stock exchange on which any of its securities may be listed, to make any disclosure relating to

this Agreement or the Transaction, such disclosure may be made, but that Party shall make commercially reasonable efforts to consult with the other Party as to the nature and wording of such disclosure prior to it being made.

10.3 Costs

Except as expressly set out herein, each Party covenants and agrees to bear its own costs and expenses in connection with the Transaction. The Purchaser and the Company shall share equally any filing fees payable in respect of any filings made under the Competition Act in regards to the Transaction.

10.4 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Party, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as the other Party may reasonably request in order to fully perform and carry out the terms and intent of this Agreement.

10.5 Injunctive Relief and Specific Performance

Each Party agrees that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by it in accordance with its specific terms or were otherwise willfully breached. It is accordingly agreed that, except as provided for in Section 8.2(k), each Party shall be entitled to specific performance, an injunction or injunctions and other equitable relief to prevent willful breaches or threatened willful breaches of the provisions of this Agreement by the other Party or its representatives or to otherwise obtain specific performance by the other Party of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived. Such remedies will not be the exclusive remedies for any willful breach of this Agreement but will be in addition to all other remedies available at Law or equity to a Party.

10.6 No Recourse

This Agreement may only be enforced against, and any Claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against the entities that are expressly identified as parties hereto, and no past, present or future affiliate, director, officer, employee, incorporator, member, manager, partner, shareholder, agent, attorney or representative of either Party shall have any liability for any obligations or liabilities of the Parties to this Agreement or for any Claim based on, in respect of, or by reason of, the Transaction.

10.7 Third Party Beneficiaries

The provisions of Sections 2.4(h) and 2.12 are intended for the benefit of the Company and its directors, officers, employees and agents, 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 and the provisions of Section 2.4(g) are intended for the benefit of the Purchaser, its subsidiaries and affiliates and their respective directors,

officers, employees and agents, 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 each of the Purchaser and the Company, as applicable, shall hold the rights and benefits of Sections 2.4(g), 2.4(h) and 2.12 in trust for and on behalf of the Third Party Beneficiaries and each of the Purchaser and the Company 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 in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

10.8 No Liability

No director or officer of the Purchaser shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the Transaction on behalf of the Purchaser. No director, officer or employee of the Company shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the Transaction on behalf of the Company.

10.9 Counterparts; Execution

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. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[*The Remainder of this Page Has Been Intentionally Left Blank.*]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement as of the date first above written.

REIGNWOOD RESOURCES HOLDING PTE. LTD.

By: (Signed) "*William Sun*"
Name: William Sun
Title: Chief Executive Officer

TWIN BUTTE ENERGY LTD.

By: (Signed) "*Robert Wollmann*"
Name: Robert Wollmann
Title: President and Chief Executive Officer

By: (Signed) "*R. Alan Steele*"
Name: R. Alan Steele
Title: Vice President, Finance, Chief Financial Officer and Corporate Secretary

SCHEDULE "A"
ARRANGEMENT RESOLUTION

A. Shareholder Resolution

"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Twin Butte Energy Ltd. (the "**Company**") and involving the holders of the common shares ("**Shares**") of the Company (the "**Shareholders**"), the holders of options to purchase Shares of the Company (the "**Optionholders**") and the holders (the "**Debentureholders**") of the 6.25% convertible unsecured subordinated debentures due December 31, 2018 of the Company (the "**Debentures**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**"), as more particularly described and set forth in the management information circular of the Company (the "**Circular**") accompanying the notice of meeting dated ●, 2016, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated ●, 2016 between the Purchaser and the Company (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it may be or has been amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the Arrangement Agreement which is attached as Appendix ● to the Circular, is hereby authorized, approved and adopted.

3. Any action of the directors of the Company in approving the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any action of any director or officer of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any amendment, modification or supplement to any of the foregoing, and any transaction contemplated by any of the foregoing, is hereby ratified, authorized and approved.

4. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Circular).

5. Notwithstanding the passage of this resolution (and the adoption of the Arrangement) by the Shareholders, together with the Optionholders voting as a single class, and passage of the extraordinary resolution with respect to the Arrangement by the Debentureholders, or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to, or approval from, the Shareholders, the Optionholders or the Debentureholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement and approval by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement

and any related transaction at any time prior to the issuance of a certificate by the Registrar of Corporations under the ABCA giving effect to the Arrangement.

6. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be delivered, for filing with the Registrar of Corporations under the ABCA, the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and such other documents as are necessary or desirable to give full effect to the Arrangement and any related transaction in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement, certified copy of the Final Order and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed 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 such officer or director determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the performance of any such act or thing."

B. Debentureholder Resolution

"BE IT RESOLVED AS AN EXTRAORDINARY RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Twin Butte Energy Ltd. (the "**Company**") and involving the holders of the common shares ("**Shares**") of the Company (the "**Shareholders**"), the holders of options to purchase Shares of the Company (the "**Optionholders**") and the holders (the "**Debentureholders**") of the 6.25% convertible unsecured subordinated debentures due December 31, 2018 of the Company (the "**Debentures**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**"), as more particularly described and set forth in the management information circular of the Company (the "**Circular**") accompanying the notice of meeting dated ●, 2016, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated ●, 2016 between the Purchaser and the Company (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it may be or has been amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**"), the full text of which is set out in Schedule "B" to the Arrangement Agreement which is attached as Appendix ● to the Circular, is hereby authorized, approved and adopted.

3. Any action of the directors of the Company in approving the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any action of any director or officer of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any related transaction, and any amendment, modification or supplement to any of the foregoing, and any transaction contemplated by any of the foregoing, is hereby ratified, authorized and approved.

4. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Circular).

5. Notwithstanding the passage of this resolution (and the adoption of the Arrangement) by the Debentureholders and the passage of the special resolution with respect to the Arrangement by the Shareholders, together with the Optionholders voting as a single class, or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of the Company are hereby authorized and empowered, at their discretion, without further notice to, or approval from, the Shareholders, the Optionholders or the Debentureholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and the Plan of Arrangement and approval by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and any related transaction at any time prior to the issuance of a certificate by the Registrar of Corporations under the ABCA giving effect to the Arrangement.

6. The proper officers and authorized signatories of Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company) are hereby authorized and directed to execute and deliver all documents and instruments and to take such other actions as they may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required and/or contemplated by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

7. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute and deliver, or cause to be delivered, for filing with the Registrar of Corporations under the ABCA, the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and such other documents as are necessary or desirable to give full effect to the Arrangement and any related transaction in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such Articles of Arrangement, certified copy of the Final Order and any such other documents.

8. Any officer or director of the Company is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed 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 such officer or director determines may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the performance of any such act or thing."

SCHEDULE "B"
PLAN OF ARRANGEMENT

(See attached.)

PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE
***BUSINESS CORPORATIONS ACT* (ALBERTA)**

ARTICLE 1
INTERPRETATION

1.1 Definitions

Unless otherwise provided for herein, capitalized terms used but not otherwise defined in this Plan of Arrangement shall have the respective meanings ascribed to such terms in the Arrangement Agreement (as defined below) and the following words and terms shall have the respective meanings set forth below:

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Acquiror**" means Reignwood Resources Trading UK Limited, a private limited company existing under the laws of England and Wales;

"**Applicable Laws**" means, in any context that refers to one or more Persons, the Laws as are binding upon or applicable to such Person or Persons or his/her/its/their business, assets undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the Person or Persons or his/hers/its/their business, assets, undertaking, property or securities;

"**Arrangement**" means the arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 7.1 of the Arrangement Agreement and Article 7 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated June 23, 2016 between the Purchaser and the Company (including the schedules thereto) as such agreement may be amended, modified or supplemented from time to time in accordance with the terms thereof, providing for, among other things, the Arrangement;

"**Arrangement Resolution**" means, as applicable:

(a) the special resolution in respect of the Arrangement considered and voted upon by the Shareholders and, subject to Section 2.9(f) of the Arrangement Agreement, the Optionholders, voting together as a single class, at the Company Meeting; and

(b) the extraordinary resolution in respect of the Arrangement considered and voted upon by the Debentureholders at the Company Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company 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, which shall be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably;

"**Board of Directors**" means the board of directors of the Company;

"**Business Day**" means any day, other than a Saturday, Sunday or a day generally observed as a holiday under Applicable Laws, on which the principal commercial banks in Calgary, Alberta, Canada, Singapore and London, United Kingdom are generally open for the transaction of commercial banking business during normal banking hours;

"**Certificate of Arrangement**" means the certificate or other proof of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**Claims**" includes claims, demands, complaints, grievances, actions, applications, suits, causes of action, Orders, charges, indictments, prosecutions, informations, or other similar processes, assessments or reassessments, judgments, debts, liabilities, penalties, fines, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Company**" means Twin Butte Energy Ltd., a corporation existing under the laws of the Province of Alberta;

"**Company Meeting**" means the annual and special meeting of Securityholders, including any adjournment or postponement thereof, called and held in accordance with the Arrangement Agreement and the Interim Order to permit the Securityholders to consider, among other things, the Arrangement Resolution and related matters;

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

"**Debenture Consideration**" means, for each $1,000 principal amount of Debentures, $140, plus accrued and unpaid interest payable thereon up to but excluding the Effective Date;

"**Debenture Indenture**" means the convertible debenture indenture dated as of December 13, 2013 between the Company and the Debenture Trustee providing for the issue of the Debentures;

"**Debenture Trustee**" means Computershare Trust Company of Canada (as successor to the business of Valiant Trust Company), in its capacity as trustee under the Debenture Indenture;

"**Debentureholders**" means the registered or beneficial holders of Debentures, as the context requires;

"**Debentureholder Approval**" means the approval of the Arrangement Resolution by Debentureholders holding in aggregate not less than 66⅔% of the aggregate outstanding principal amount of Debentures, present in person or represented by proxy at the Meeting, or such other approval as may be required by the Court;

"**Debentureholder Letter of Transmittal**" means the letter of transmittal sent by the Company to Debentureholders pursuant to which Debentureholders are required to deliver the certificates representing their respective Debentures to the Depositary to receive, upon completion of the

Arrangement, in exchange for each $1,000 principal amount of Debentures, the Debenture Consideration;

"**Debentures**" means the 6.25% convertible unsecured subordinated debentures of the Company due December 31, 2018;

"**Depositary**" has the meaning ascribed to it in the Arrangement Agreement;

"**Dissent Rights**" means the right of a Dissenting Shareholder pursuant to Section 191 of the ABCA (as modified by the Interim Order) and the Interim Order and Article 5 hereof to dissent to the applicable Arrangement Resolution and to be paid the fair value of the Shares in respect of which the holder dissents, in accordance with Section 191 of the ABCA (as modified by the Interim Order) and the Interim Order and Article 5 hereof;

"**Dissenting Shareholder**" means a registered holder of Shares who validly dissents in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights at the Effective Time, but only in respect of the Shares in respect of which Dissent Rights are validly exercised by such registered holder;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means 12:01 a.m. (Calgary time), or such other time as may be agreed to in writing by the Company and the Purchaser, on the Effective Date;

"**Final Order**" means the final order of the Court approving the Arrangement to be granted pursuant to Subsection 193(9) of the ABCA, as such order may be amended by the Court subject to Section 6.1(c) of the Arrangement Agreement;

"**Former Debentureholder**" means a Person who is a registered Debentureholder, as shown on the register of Debentures, immediately prior to the Effective Time;

"**Former Shareholder**" means a Person who is a registered Shareholder, as shown on the register of Shares, immediately prior to the Effective Time;

"**Governmental Authority**" means any (a) supranational, multinational, federal, national, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau, agency or instrumentality, domestic or foreign, (b) subdivision, agent, commission, board or authority of any of the foregoing, or (c) quasi-governmental or private body, including any tribunal, commission, stock exchange (including the TSX), regulatory agency or self-regulatory organization exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, as contemplated by Section 2.2 of the Arrangement Agreement, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended by the Court subject to Section 6.1(a) of the Arrangement Agreement;

"**Law**" or "**Laws**" means all federal, national, multinational, provincial, state, municipal, regional and local laws (statutory, common or otherwise), constitutions, treaties, conventions, by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, certificates, ordinances, judgments, injunctions, determinations, awards, decrees, codes, guidelines, or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or licence or other similar requirement enacted, adopted, promulgated, issued or applied by any Governmental Authority or self-regulatory authority;

"**Options**" means an option to purchase Shares granted in accordance with the terms of the Option Plan, which has not been exercised, cancelled or otherwise terminated in accordance with the provisions of the Option Plan;

"**Option Plan**" means the share option plan of the Company approved by the Shareholders of the Company on May 14, 2009 providing for the grant of Options to directors, officers, employees, consultants and other service providers of the Company;

"**Optionholders**" means the holders of Options, and each of them is an "**Optionholder**";

"**Person**" includes any individual, firm, limited or general partnership, limited liability company, limited liability partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**", "**herein**", "**hereunder**" and similar expressions mean this plan of arrangement under Section 193 of the ABCA, and any amendments or variations hereto made in accordance with Section 7.1 of the Arrangement Agreement and Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company and the Purchaser, each acting reasonably;

"**Purchaser**" means Reignwood Resources Holding Pte. Ltd., a corporation existing under the laws of the Republic of Singapore;

"**Registrar**" means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;

"**Securityholders**" means, collectively, the Shareholders, the Debentureholders and subject to Section 2.9(f) of the Arrangement Agreement, the Optionholders;

"**Share Consideration**" means $0.06 in cash per Share;

"**Shareholder Letter of Transmittal**" means the letter of transmittal sent by the Company to Shareholders pursuant to which Shareholders are required to deliver certificates representing Shares to the Depositary to receive, on completion of the Arrangement, in exchange for each Share, the Share Consideration;

"**Shareholders**" means the registered or beneficial holders of the Shares, as the context requires;

"**Shares**" means the common shares in the capital of the Company, as constituted on the Effective Date; and

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

1.2 Certain Rules of Interpretation

In this Plan of Arrangement:

(a) Consent – Whenever a provision of this Plan of Arrangement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) Governing Law – This Plan of Arrangement shall be governed by, and be construed in accordance with, the Laws of the Province of Alberta and the federal Laws of Canada applicable therein.

(d) Headings – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(e) Including – Where the word "including" or "includes" is used in this Plan of Arrangement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Plan of Arrangement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(i) Time – Time is of the essence in the performance of the Parties' respective obligations.

(j) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.

2.2 Binding Effect

Upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, this Plan of Arrangement and the Arrangement shall become effective and be binding on the Company, the Purchaser, the Acquiror, all legal and beneficial Shareholders (including those Shareholders exercising Dissent Rights described in Article 5), Optionholders and Debentureholders, the registrar and transfer agent in respect of the Shares, the Debenture Trustee and the Depositary at, and after, the Effective Time, without any further act or formality required on the part of any Person.

2.3 Filing of the Articles of Arrangement

The Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of this Plan of Arrangement shall become effective unless all of the provisions of this Plan of Arrangement shall have become effective in the sequence provided herein. The Certificate of Arrangement shall be conclusive proof that the Arrangement has become effective and that each of the events or transactions set forth in Section 3.1 has become effective in the sequence and at the time set out therein. If no Certificate of Arrangement is required to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA, the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to Subsection 193(10) of the ABCA.

ARTICLE 3
THE ARRANGEMENT

3.1 The Arrangement

Commencing at the Effective Time, each of the following events or transactions set out in this Section 3.1 shall occur, and shall be deemed to occur, consecutively in the order and at the times set out in this Section 3.1, without any further authorization, act or formality, except as otherwise provided herein:

(a) prior to the Filing Date in accordance with Section 3.7 of the Arrangement Agreement, the Acquiror shall advance in full by wire transfer of immediately available funds to the Depositary the Purchaser Loan, which as of the Effective Time, shall be deemed to be for the account of the Lenders under the Company's Credit Facilities and will be evidenced by a demand promissory note in form and substance reasonably satisfactory to the Acquiror and the Company;

(b) the Depositary shall acknowledge that the Acquiror has deposited in accordance with Section 4.1(c) the Purchaser Loan with the Depositary to be held in a

segregated account by the Depositary that will be used by the Depositary, on behalf of the Company, to repay indebtedness of the Company under the Credit Facilities in accordance with Section 3.7 of the Arrangement Agreement;

(c) notwithstanding the terms of the Option Plan, each outstanding Option shall be cancelled for nil consideration and immediately thereafter the Option Plan, all Options and any agreements related thereto shall be terminated and of no further force and effect, and thereafter, none of the Company, the Board of Directors, the Purchaser, the Acquiror or any of their respective successors or assigns shall have any further liabilities or obligations with respect to any Option, the Option Plan or any such agreements and the Optionholders shall have no further rights with respect to any Option, the Option Plan or any such agreements;

(d) subject to Section 5.1, each of the Shares held by Dissenting Shareholders shall be, and shall be deemed to have been, transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) and:

(i) such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value for such Shares in accordance with the Dissent Rights;

(ii) such Dissenting Shareholders' names shall be removed as the holders of such Shares from the registers of Shares maintained by or on behalf of the Company; and

(iii) the Acquiror's name shall be added as holder of Shares on the registers of Shares maintained by or on behalf of the Company with respect to the Shares acquired from the Dissenting Shareholders;

(e) each Share outstanding immediately prior to the Effective Time, other than those Shares acquired by the Acquiror pursuant to Section 3.1(d), shall be, and shall be deemed to have been, transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) in exchange for the Share Consideration, which amount shall be paid to the holder of such Share pursuant to and in accordance with Section 4.3(a) from the funds deposited with the Depositary under Section 4.1(a) (and, for greater certainty, the Acquiror or the Depositary shall be entitled to withhold or deduct any amounts in accordance with Section 4.7) and, in respect of each Share so acquired:

(i) each Former Shareholder, other than Dissenting Shareholders in respect of Shares acquired by the Acquiror pursuant to Section 3.1(d), shall be entitled to receive from the Acquiror or the Depositary, for each Share so transferred, the Share Consideration and in exchange therefor, shall concurrently cease to be the holder of such Share and such holder's name shall be removed from the securities register of the Company in respect of such Share at such time; and

(ii) the Acquiror shall be deemed to be the legal and beneficial owner of such Share at the time of the exchange pursuant to this Section 3.1(e) and shall be entered in the securities register of the Company as the holder thereof;

(f) each Debenture outstanding immediately prior to the Effective Time shall be, and shall be deemed to have been, transferred to, and acquired by, the Acquiror (free and clear of any liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever) in exchange for the Debenture Consideration, which amount shall be paid to the holder of such Debenture pursuant to and in accordance with Section 4.3(c) from the funds deposited with the Depositary under Section 4.1(b) (and, for greater certainty, the Acquiror or the Depositary shall be entitled to withhold or deduct any amounts in accordance with Section 4.7) and, in respect of each Debenture so acquired:

(i) each Former Debentureholder shall be entitled to receive from the Acquiror or the Depositary, for each Debenture so transferred, the Debenture Consideration and in exchange therefor, shall concurrently cease to the holder of such Debenture and such holder's name shall be removed from the register of Debentureholders of the Company in respect of such Debenture at such time; and

(ii) the Acquiror shall be deemed to be the legal and beneficial owner of such Debenture at the time of the exchange pursuant to this Section 3.1(f) and shall be entered in the register of Debentureholders of the Company as the holder thereof; and

(g) all of the Debentures shall be, and shall be deemed to be, irrevocably, finally and fully settled and extinguished by the issuance by the Company to the Acquiror of 198,333,333 Shares in full and final settlement of, and in exchange for, the Debentures. The Shares issued pursuant to this Section 3.1(g) shall be, and shall be deemed to be, received in full and final settlement, extinguishment, discharge and release of the Debentures, the Debenture Indenture and all Claims relating to the Debentures and the Debenture Indenture.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Payment of Consideration and Purchaser Loan

In accordance with Sections 2.8 and 3.7 of the Arrangement Agreement, the Acquiror shall deposit:

(a) for the benefit of the Shareholders, cash with the Depositary in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement (with the amount per Share in respect of which Dissent Rights have been exercised being deemed to be the Share Consideration per applicable Shares for this purposes only);

(b) for the benefit of the Debentureholders, cash with the Depositary in the aggregate amount equal to the payments in respect thereof required by this Plan of Arrangement; and

(c) for the benefit of the Lenders under the Credit Facilities, the Purchaser Loan.

In each case, the cash so deposited with the Depositary shall be held in an interest-bearing account, and any interest earned on such funds shall be for the account of the Acquiror.

4.2 Certificates

From and after the Effective Time, each certificate formerly representing Shares and Debentures shall represent only the right to receive:

(a) in the case of certificates held by Dissenting Shareholders, other than those Dissenting Shareholders who are deemed to have participated in the Arrangement pursuant to Section 5.1, as applicable, the fair value of the Shares represented by such certificates as provided for in the Interim Order and Article 5;

(b) in the case of all other Shareholders, the amount of cash the Former Shareholder of the Shares represented by the certificate is entitled to in accordance with the terms and subject to the conditions of this Plan of Arrangement upon such Former Shareholder complying with Section 4.3(a); and

(c) in the case of Debentureholders, the amount of cash the Former Debentureholder of the Debentures represented by the certificate is entitled to in accordance with the terms and subject to the conditions of this Plan of Arrangement upon such Former Debentureholder complying with Section 4.3(b).

4.3 Payment of Consideration by Depositary

(a) Upon the surrender to the Depositary for cancellation of a certificate or certificates which, immediately prior to the Effective Time, represented outstanding Shares that were transferred pursuant to Section 3.1(e), together with a duly completed and executed Shareholder Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such Shares represented by such surrendered certificate(s) shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver to such holder, a cheque (or other form of immediately available funds) in the amount of the Share Consideration which such Shareholder has the right to receive under this Plan of Arrangement for such Shares, less any amounts deducted or withheld pursuant to Section 4.7 in accordance with the applicable Shareholder Letter of Transmittal, and any certificate(s) so surrendered shall forthwith be cancelled.

(b) Subject to Section 4.6, until surrendered for cancellation as contemplated by Section 4.3(a), each certificate that immediately prior to the Effective Time represented Shares shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment as contemplated in Section

4.3(a) or Article 5, as the case may be, less any amounts deducted or withheld pursuant to Section 4.7.

(c) The Depositary shall deliver the consideration in respect of those Debentures which are represented by a Global Debenture (as such term is defined in the Debenture Indenture) to the Depository (as defined in the Debenture Indenture) in accordance with normal industry practice for payments relating to securities held on a book-entry only basis. A Debentureholder whose interest in Debentures is not represented by a Global Debenture shall, upon surrender to the Depositary for cancellation of a certificate or certificates which, immediately prior to the Effective Time, represented outstanding Debentures that were transferred pursuant to Section 3.1(f), together with a duly completed and executed Debentureholder Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such Debentures represented by such surrendered certificate(s) shall be entitled to receive, and the Depositary shall deliver to such holder, a cheque (or other form of immediately available funds) in the amount of the Debenture Consideration which such Debentureholder has the right to receive under this Plan of Arrangement for such Debentures, less any amounts deducted or withheld pursuant to Section 4.7 in accordance with the applicable Debentureholder Letter of Transmittal, and any certificate(s) so surrendered shall forthwith be cancelled.

(d) Subject to Section 4.6, until surrendered for cancellation as contemplated by Section 4.3(c), each certificate that immediately prior to the Effective Time represented Debentures shall be deemed after the Effective Time to represent only the right to receive upon such surrender a cash payment as contemplated in Section 4.3(c), less any amounts deducted or withheld pursuant to Section 4.7.

4.4 Lost Certificates

If any certificate which immediately prior to the Effective Time represented an interest in outstanding Shares or Debentures that were transferred 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, distributions or interest, as applicable, 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 satisfactory to each of the Purchaser, the Company and the Depositary in such form as is satisfactory to the Purchaser, the Company and the Depositary, or shall otherwise indemnify the Purchaser, the Company and the Depositary, to the reasonable satisfaction of such parties, against any Claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

4.5 No Dividends or Interest after the Effective Time

(a) From and after the Effective Time, the Shareholders shall not be entitled to any dividend, distribution or other payment or consideration on or with respect to

Shares other than the cash payment that they are entitled to receive pursuant to this Plan of Arrangement.

(b) From and after the Effective Time, the Debentureholders shall not be entitled to any interest or other payment or consideration on or with respect to Debentures other than the cash payment that they are entitled to receive pursuant to this Plan of Arrangement.

4.6 Failure to Deposit Certificates

Subject to any Applicable Laws relating to unclaimed personal property, any certificate formerly representing Shares or Debentures that is not deposited, together with all other documents required hereunder, on the last Business Day before the third anniversary of the Effective Date and any right or claim to receive the cash payment hereunder that remains outstanding on such day shall cease to represent a right or claim by or interest of any kind or nature including the right of a Former Shareholder or Former Debentureholder, as applicable, to receive the consideration for such Shares or Debentures, as applicable pursuant to this Plan of Arrangement (and any interest, dividends or other distributions thereon) shall terminate and be deemed to be surrendered and forfeited to the Purchaser (or any successor), for no consideration. In such case, any cash (including any interest, dividends or other distributions) shall be returned to the Purchaser (or any successor).

4.7 Withholdings

The Company, the Purchaser, the Acquiror and the Depositary, as applicable, shall be entitled to deduct or withhold from, or in respect of, any interest, dividend (including any deemed dividend), distribution or other payment (including any payment pursuant to Section 5.1) or consideration payable to any Person, such amounts as the Company, the Purchaser, the Acquiror or the Depositary, as applicable, determines, acting reasonably, are required or permitted to be deducted or withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986*, as amended, or any provision of any other Applicable Law. To the extent that amounts are so deducted or withheld and paid over to the applicable Governmental Authority, such deducted or withheld amounts shall be treated, for all purposes of this Plan of Arrangement, as having been paid to the Person in respect of whom such deduction or withholding was made.

ARTICLE 5
DISSENT RIGHTS

5.1 Dissent Rights

Each registered holder of Shares shall have Dissent Rights 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 Shares and shall only be entitled to be paid the fair value of such holder's Shares by the Acquiror net of all withholding or other taxes. A Dissenting Shareholder shall be deemed to have transferred the holder's Shares to Purchaser at the Effective Time, notwithstanding the provisions of Section 191 of the ABCA. A Dissenting Shareholder who is, for any reason, not entitled to be paid the fair value of the holder's Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares,

notwithstanding the provisions of Section 191 of the ABCA. The fair value of the Shares held by a Dissenting Shareholder shall be determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution is approved by Shareholders at the Company Meeting.

5.2 Recognition of Dissenting Shareholders

(a) In no circumstances shall the Purchaser, the Acquiror, the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no event shall the Company, the Purchaser or the Acquiror be required to recognize any Dissenting Shareholder as a securityholder of the Company after the Effective Time and the names of such holders shall be removed from the register of Shareholders as at the Effective Time and the Acquiror shall be recorded as the holder of the Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of all liens, claims, encumbrances, charges, adverse interests and security interests of any nature or kind whatsoever. In addition to any other restrictions in Section 191 of the ABCA, none of the following shall be entitled to exercise Dissent Rights: (i) Optionholders; (ii) Debentureholders; and (iii) any Person who has voted or who has instructed a proxyholder to vote in favour of the Arrangement. A Dissenting Shareholder may only exercise Dissent Rights in respect of all, and not less than all, of its Shares.

ARTICLE 6
AMENDMENTS

6.1 Amendment to the Plan of Arrangement

(a) The Company and the Purchaser may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any such amendment, modification and/or supplement must be:

(i) set out in writing;

(ii) approved in writing in advance by the Company and the Purchaser;

(iii) filed with the Court and, if made following the Company Meeting, approved by the Court; and

(iv) communicated to Securityholders if and as required by the Court.

(b) Any amendment, modification and/or supplement to this Plan of Arrangement may be proposed by the Company or the Purchaser at any time prior to or at the Company Meeting (provided that the other party shall have consented in writing prior thereto) with or without any other prior notice or communication and, if so proposed and accepted, in the manner contemplated and to the extent required by

the Arrangement Agreement, by the Shareholders and, subject to Section 2.9(f) of the Arrangement Agreement, Optionholders and, if such amendment, modification and/or supplement affects Debentureholders, Debentureholders (in each case, other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification and/or supplement to this Plan of Arrangement which is approved or directed by the Court following the Company Meeting and prior to the Effective Time shall be effective only:

(i) if it is consented to in writing by the Company and the Purchaser, each acting reasonably; and

(ii) if required by the Court, it is consented to by Shareholders and, subject to Section 2.9(f) of the Arrangement Agreement, Optionholders and, if it affects Debentureholders, Debentureholders, in each case voting in the manner directed by the Court.

(d) This Plan of Arrangement may be amended, modified and/or supplemented following the Effective Time unilaterally by the Purchaser, provided that it concerns a matter that, in the reasonable opinion of the Purchaser, 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 interest of any former Securityholder.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Acts

Notwithstanding that the transactions and events set out herein shall occur and shall 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 either of them in order further to document or evidence any of the transactions or events set out herein.

7.2 Paramountcy

From and after the Effective Time: (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to Shares, Options and Debentures issued prior to the Effective Time; (b) the rights and obligations of the holders of the Shares, Options and Debentures and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to Shares, Options and Debentures shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

SCHEDULE "C"
FORM OF SUPPORT AGREEMENT

(See attached.)

VOTING SUPPORT AGREEMENT

This Voting Support Agreement is dated June 23, 2016 between Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and ● (the "**Securityholder**", and together with the "**Purchaser**", the "**Parties**" and each of them is a "**Party**").

RECITALS:

A. The Purchaser and Twin Butte Energy Ltd. (the "**Company**") have entered into an arrangement agreement (the "**Arrangement Agreement**") dated the date hereof pursuant to which the Purchaser has agreed to acquire, directly or indirectly, all of the issued and outstanding common shares of the Company and all of the outstanding 6.25% convertible unsecured subordinated debentures of the Company due December 31, 2018 by way of a plan of arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (Alberta).

B. The Securityholder is the beneficial owner of, or exercises control and direction over, the Subject Securities (as defined below). In consideration of the Purchaser entering into the Arrangement Agreement and advancing the Arrangement, the Securityholder, in his, her or its capacity as a securityholder of the Company, hereby undertakes, covenants and agrees to support the Arrangement as set forth in this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties covenant and agree as follows:

1. Definitions

Whenever used in this Agreement, including the Preamble and Recitals hereto, unless the context otherwise requires, the following words and terms have the respective meanings set out below:

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and other similar expressions mean and refer to this Voting Support Agreement, including all schedules hereto, and all amendments or restatements, as permitted, and references to "Section" or "Schedule" mean the specified Section or Schedule of this Agreement;

"**Company**" has the meaning ascribed to it in the Recitals;

"**Expiry Time**" has the meaning ascribed to it in Section 5;

"**Parties**" and "**Party**" have the respective meanings ascribed to them in the Preamble;

"**Purchaser**" has the meaning ascribed to it in the Preamble;

"**Securityholder**" has the meaning ascribed to it in the Preamble;

"**Subject Securities**" means the Shares, Options, Restricted Awards, Performance Awards and/or Debentures listed on Schedule "A" and any Shares, Options, Restricted Awards, Performance Awards or Debentures acquired by or issued or granted to the Securityholder

subsequent to the date hereof, and shall include all securities which such Subject Securities may be converted into, exchanged for or otherwise changed into.

Unless otherwise specifically defined in this Agreement, all capitalized terms used in this Agreement and in Schedule "A" hereto shall have the respective meanings ascribed to them in the Arrangement Agreement unless the context otherwise requires.

2. **Certain Rules of Interpretation**

In this Agreement:

(a) Consent – Whenever a provision of this Agreement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) Governing Law – This Agreement shall be governed by, and be construed in accordance with, the Laws of the Province of Alberta and the federal Laws of Canada applicable therein.

(d) Headings – Headings of Sections and Schedules are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) Including – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against either Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Severability – If any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable in any jurisdiction, such provision shall, in respect of such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability, without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of such provision in any other jurisdiction and without affecting its application to other Parties or circumstances.

(i) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of

any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(j) Time – Time is of the essence in the performance of the Parties' respective obligations.

(k) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

3. **Representations and Warranties of the Securityholder**

The Securityholder hereby represents and warrants to the Purchaser as follows, and acknowledges that the Purchaser is relying upon such representations and warranties in entering into this Agreement and the Arrangement Agreement and proceeding with the Transaction:

(a) the Securityholder has all necessary power, authority and capacity to enter into and perform its obligations under this Agreement;

(b) this Agreement has been duly executed and delivered by the Securityholder and, to the extent that the Securityholder is not an individual, the execution and delivery of this Agreement by the Securityholder has been duly authorized by all necessary action of the Securityholder, and this Agreement constitutes a legal, valid and binding obligation of the Securityholder enforceable against the Securityholder in accordance with its terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction;

(c) the Securityholder is the sole beneficial owner of, or exercises direction and control over, directly or indirectly, or both, all of the Subject Securities set forth opposite the Securityholder's name in Schedule "A". Other than the Subject Securities, the Securityholder does not beneficially own, or exercise control or direction, directly or indirectly, over, any Shares, Options, Restricted Awards, Performance Awards, Debentures or other securities of the Company or hold any options, warrants or other rights, privileges, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by the Company of any securities of the Company (including Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Company, other than Shares acquired by the Securityholder in the ESSP;

(d) the Securityholder is, and will continue to be until the Expiry Time, the sole beneficial owner of, or exercise control or direction, directly or indirectly, over, or both, the Subject Securities;

(e) the Securityholder has the sole right to vote or direct the voting of, and the sole power of disposition of, the Subject Securities and the sole power to agree to all of the matters set forth in this Agreement;

(f) other than the Purchaser, no Person has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer of any of the Subject Securities or any interest therein or right thereto;

(g) the Securityholder has not:

(i) granted, or agreed to grant, any proxy or power of attorney in respect of the Subject Securities or any portion of them (other than as expressly contemplated herein);

(ii) granted, or agreed to grant, any other right to vote any of the Subject Securities in respect of any meeting of the Company's securityholders; or

(iii) granted, or agreed to grant, any consent or approvals of any kind whatsoever in respect of the Subject Securities,

that, in each case, is currently in force;

(h) neither the execution and delivery of this Agreement by the Securityholder nor the performance by the Securityholder of its obligations under this Agreement will constitute a breach or violation of, or default under, or conflict with: (i) to the extent the Securityholder is not an individual, any constating or organizational documents, by-laws or resolutions of the Securityholder; or (ii) any contract, commitment, arrangement, understanding or restriction of any kind to which the Securityholder is a party by which any of the Securityholder's property or assets (including the Subject Securities) are subject;

(i) no consent, approval, order or authorization of, or declaration, registration or filing with, any Person is required to be obtained by the Securityholder in connection with the execution and delivery of this Agreement and the performance by the Securityholder of its obligations under this Agreement; and

(j) there are no judgements, orders or decrees against the Securityholder that are currently in effect and there is no proceeding, claim or investigation current in progress or pending before any Governmental Authority or, to the knowledge of the Securityholder, threatened against the Securityholder that, individually or in the aggregate, could reasonably be expected to have an adverse effect on:

(i) the Securityholder's ability to execute and deliver this Agreement and to perform the Securityholder's obligations hereunder; or

(ii) the title of the Securityholder to any of the Subject Securities.

4. Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Securityholder as follows, and acknowledges that the Securityholder is relying upon such representations and warranties in entering into this Agreement and carrying out the transactions contemplated herein:

(a) the Purchaser has the requisite corporate power and capacity to execute and deliver this Agreement and the Arrangement Agreement and to perform its obligations under this Agreement and the Arrangement Agreement;

(b) the execution, delivery and performance by the Purchaser of its obligations under this Agreement and the Arrangement Agreement and the consummation by the Purchaser of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser and no other corporate proceedings on the part of the Purchaser are necessary to authorize this Agreement, the Arrangement Agreement or the consummation of the Transaction;

(c) each of this Agreement and the Arrangement Agreement has been duly executed and delivered by the Purchaser and, assuming the due authorization, execution and delivery of the other parties hereto and thereto, constitutes a legal, valid and binding obligation of the Purchaser, enforceable against it in accordance with their respective terms subject only to any limitation under bankruptcy, insolvency or other Laws affecting the enforcement of creditors' rights generally and the discretion that a court may exercise in the granting of equitable remedies such as specific performance and injunction; and

(d) none of the execution and delivery of this Agreement and the Arrangement Agreement by the Purchaser and the consummation by the Purchaser of the Transaction will violate, conflict with, or result in a 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) under any of the terms, conditions or provisions of the articles or by-laws of the Purchaser.

5. Covenants of the Securityholder

The Securityholder covenants and agrees that from the date of this Agreement until the earlier of the date on which the Arrangement becomes effective or the date on which this Agreement is terminated in accordance with Section 7 (the "**Expiry Time**"):

(a) the Securityholder shall not: (i) sell, transfer, gift, assign, convey, pledge, hypothecate, encumber, option or otherwise dispose of any right or interest (including any economic consequence of ownership) in any of the Subject Securities (other than the exercise of Options in accordance with the Option Plan to acquire Shares or the conversion of any Debentures to acquire Shares that will, in each case, become subject to this Agreement or in respect of a transfer to a self-directed registered retirement savings account in which the Securityholder is the beneficiary), or enter into any agreement, arrangement, commitment or understanding in connection therewith, other than pursuant to the Transaction; (ii) grant or agree to grant any proxies or powers of attorney or other right to vote any

of the Subject Securities, deposit any Subject Securities into a voting trust or pooling agreement, or enter into a voting agreement, commitment, understanding or arrangement, oral or written, with respect to the voting of any Subject Securities, other than pursuant to the Transaction; or (iii) requisition or join in the requisition of any meeting of any of the securityholders of the Company for the purpose of considering any resolution;

(b) the Securityholder shall vote (or cause to be voted) all the Subject Securities at any meeting of any of the securityholders of the Company at which the Securityholder is entitled to vote, including the Company Meeting, and in any action by written consent of the securityholders of the Company, in favour of the approval, consent, ratification and adoption of the Arrangement Resolution and the Transaction (and any actions required for the consummation of the Transaction). In connection with the foregoing, the Securityholder hereby agrees to deposit a proxy or voting instruction form, as applicable, duly completed and executed in respect of all of the Subject Securities which are entitled to vote on the Arrangement Resolution promptly following the mailing of the Company Circular, and in any event at least five (5) days prior to the Company Meeting, voting all such Subject Securities in favour of the Arrangement Resolution. The Securityholder hereby agrees that neither the Securityholder nor any Person on the Securityholder's behalf will take any action to withdraw, amend or invalidate any proxy or voting instruction form deposited by the Securityholder pursuant to this Agreement (notwithstanding any statutory or other rights or otherwise which the Securityholder might have);

(c) unless directed otherwise in writing by the Purchaser, from time to time, the Securityholder shall vote (or cause to be voted) its Subject Securities against any action or any proposed action by or in respect of the Company or by the Securityholders: (i) in respect of any Acquisition Proposal or Superior Proposal or other merger, take-over bid, amalgamation, plan of arrangement, business combination or similar transaction involving the Company, other than the Transaction; (ii) which would reasonably be regarded as being directed towards or likely to prevent, hinder or delay the successful completion of the Transaction, including without limitation any amendment to the articles or by-laws of the Company; (iii) in respect of any action or agreement that would result in a breach of any representation, warranty, covenant or other obligation of the Company under the Arrangement Agreement in any material respect if such breach would require Securityholder approval; or (iv) which would reasonably be expected to result in a Material Adverse Effect in respect of the Company;

(d) the Securityholder shall not, directly or indirectly, through any representative, advisor, agent or otherwise: (i) solicit proxies or become a participant in a solicitation in opposition to or competition with the Purchaser in connection with the Transaction; (ii) assist, or otherwise further any action by, any Person or group in taking or planning any action that would compete with, restrain or otherwise serve to interfere with or inhibit the Purchaser in connection with the Transaction; (iii) act jointly or in concert with others with respect to voting securities of the Company for the purpose of opposing or competing with the

Purchaser in connection with the Transaction; (iv) solicit, knowingly facilitate, initiate or encourage any Acquisition Proposal in respect of the Company; (v) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal; (vi) accept or enter into, deposit or tender into, or publicly propose to accept or enter into, deposit or tender into, any Acquisition Proposal or letter of intent, agreement, arrangement or understanding related to any Acquisition Proposal; or (vii) 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, except as otherwise permitted for the Company in the Arrangement Agreement;

(e) the Securityholder shall not exercise any dissent rights in respect of the Transaction or take any other action of any kind that could reasonably be regarded as likely to reduce the success of, or delay or interfere with the completion of, the transactions contemplated by the Arrangement Agreement;

(f) the Securityholder shall immediately cease and cause to be terminated any existing discussions or negotiations with any Person (other than the Purchaser) with respect to any Acquisition Proposal or potential Acquisition Proposal, except as otherwise permitted for the Company in the Arrangement Agreement;

(g) the Securityholder shall use all commercially reasonable efforts (in the Securityholder's capacity as a securityholder) to assist the Company and the Purchaser to successfully complete the Transaction and the other transactions contemplated by the Arrangement Agreement and this Agreement;

(h) both: (i) details of this Agreement may be set out in any press release, disclosure document, Company presentation or information circular (including the Company Circular); and (ii) the form of this Agreement may be made publicly available, including by filing on SEDAR;

(i) the Securityholder shall not take any action of any kind that would cause any of its representations and warranties in this Agreement to become untrue in any material respect at any time prior to the Expiry Time, and to promptly notify the Purchaser in the event that the Securityholder becomes aware that any of its representations and warranties set forth in this Agreement become untrue in any material respect prior to such time; and

(j) the Securityholder shall execute and deliver, or cause to be executed and delivered, such additional or further consents, documents or other instruments as the Purchaser may reasonably request for the purpose of effectively carrying out the matters contemplated by this Agreement.

6. Covenants of the Purchaser

The Purchaser hereby agrees and confirms to the Securityholder that the Purchaser shall take all steps required of it to cause the Transaction to occur in accordance with the terms of, and subject to the conditions set forth in, the Arrangement Agreement.

7. Termination

This Agreement shall terminate and be of no further force or effect upon the earliest to occur of:

(a) the mutual written consent of the Purchaser and the Securityholder to the termination of this Agreement;

(b) the termination of the Arrangement Agreement in accordance with its terms;

(c) receipt by the Purchaser of written notice of termination by the Securityholder if: (i) any representation or warranty of the Purchaser under this Agreement is untrue or incorrect in any material respect; (ii) the Purchaser has not complied in all material respects with its covenants in Section 6 (and such default is not curable or, if curable, following written notice to the Purchaser of such non-compliance and provided that such default is not cured within 20 days of that notice); (iii) without the prior written consent of the Securityholder, there is any decrease in the amount or form of the Share Consideration or Debenture Consideration (only in the case that the Securityholder is a Debentureholder); or (iv) without the prior written consent of the Securityholder, the terms of the Arrangement Agreement have been varied in a manner that is adverse to the Securityholder in a material respect; provided in each case that at the time of termination the Securityholder is not in material default under this Agreement;

(d) receipt by the Securityholder of written notice of termination by the Purchaser if: (i) any representation or warranty of the Securityholder under this Agreement is untrue or incorrect in any material respect; or (ii) the Securityholder has not complied in all material respects with its covenants under this Agreement; provided in each case that at the time of termination the Purchaser is not in material default under this Agreement;

(e) the Effective Time; or

(f) the Outside Date.

In the event of termination of this Agreement pursuant to this Section 7, Sections 10, 11, 12 and 13(e) and this Section 7 shall survive the termination of this Agreement.

8. Fiduciary Duty

Nothing herein shall restrict or limit the actions of any director or officer required to be taken in the discharge of such person's fiduciary duty as a director or officer of the Company under Applicable Laws and the Purchaser acknowledges and agrees that any actions taken or omitted to be taken by the Securityholder with respect to those obligations will not be a breach or default by the Securityholder hereunder. The Purchaser hereby further agrees that the Securityholder is not making any agreement or understanding herein in any capacity other than in the Securityholder's capacity as a securityholder of the Company.

9. **Independent Legal Advice**

The Securityholder acknowledges that it has been afforded the opportunity to obtain independent legal advice and confirms by the execution and delivery of this Agreement that the Securityholder has either done so or waived their right to do so in connection with the entering into of this Agreement.

10. **Expenses**

The Purchaser and the Securityholder agree to pay their own respective expenses incurred in connection with this Agreement.

11. **Legal Remedy**

Each Party agrees that irreparable harm would occur for which money damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed by a Party in accordance with its specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement or to otherwise obtain specific performance of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived.

12. **Notices**

All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or by courier, on the date of their transmittal (if on a Business Day during normal business hours of the recipient and, if not, on the next Business Day) if sent by facsimile or e-mail transmission, or as of the following Business Day if sent by prepaid overnight courier to the Parties at the following addresses:

(a) if to the Purchaser:

Reignwood Resources Holding Pte. Ltd.
3 Anson Road
#21-02
Springleaf Tower
Singapore 079909

Attention: William Sun, Chief Executive Officer
Fax: +(65) 6227 2236
E-mail: wsun@horizonholding.ca

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, 450 – 1st Street S.W.
Calgary, Alberta T2P 5H1

Attention: Andrea Whyte
Fax: (403) 260-7094
E-mail: awhyte@osler.com

(b) if to the Securityholder:

●

Attention: ●
Fax: ●
E-mail: ●

with a copy to:

●

Attention: ●
Fax: ●
E-mail: ●

or to such other address as a Party may, from time to time, advise to the other Party by notice in writing in accordance with the provisions of this Section 12.

13. **Miscellaneous**

(a) No failure or delay by a Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise of any right, power or remedy under this Agreement.

(b) Each Party agrees and confirms that any provision of this Agreement may be amended if, and only if, such amendment is in writing and signed by the Securityholder and the Purchaser.

(c) This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, by or between the Parties with respect to the subject matter hereof.

(d) Except as required by Applicable Laws, the Securityholder shall not make any public announcement or statement with respect to this Agreement or the Transaction without the prior written approval of the Purchaser.

(e) This Agreement shall enure to the benefit of, and be binding on, the Parties and their successors and permitted assigns. Neither this Agreement nor, any of the rights, interests or obligations hereunder may be assigned by either Party without the express, prior written consent of the other Party. Notwithstanding the foregoing, the Purchaser shall be entitled, without the consent of the Securityholder, to assign any of its rights or obligations under this Agreement to one or more affiliates of the Purchaser who agree to be bound by the applicable

covenants of the Purchaser contained herein and comply with the applicable provisions of this Agreement and who delivers to the Securityholder a duly executed undertaking to such effect provided that any such assignment shall not relieve the Purchaser of any of its obligations hereunder, and provided further that if such assignment takes place, the Purchaser shall continue to be fully liable as primary obligor, on a joint and several basis with any such entity, to the Securityholder for any default in performance by the assignee of any of the Purchaser's obligations hereunder.

(f) This Agreement may be signed in counterparts and each of such counterparts shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.

[*The Remainder of this Page Has Been Intentionally Left Blank.*]

IN WITNESS WHEREOF the Parties have executed this Voting Support Agreement as of the date first written above.

REIGNWOOD RESOURCES HOLDING PTE. LTD.

By: _____
Name: William Sun
Title: Chief Executive Officer

Signature of Witness	Signature of Securityholder
Name of Witness	Name of Securityholder

SCHEDULE "A"
SUBJECT SECURITIES

Number of Shares:_____

Number of Options:_____

Number of Restricted Awards:_____

Number of Performance Awards:_____

Principal Amount of Debentures:_____

APPENDIX D

FAIRNESS OPINION

PETERS & CO. LIMITED

2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

June 23, 2016

Twin Butte Energy Ltd.
Suite 410, 396 – 11 Avenue SW
Calgary, Alberta T2R 0C5

Attention: The Board of Directors of Twin Butte Energy Ltd.

Dear Sirs:

Peters & Co. Limited ("**Peters & Co.**", "**we**", "**our**" or "**us**") understands that Twin Butte Energy Ltd. ("**Twin Butte**") and Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") propose to enter into an agreement dated June 23, 2016 (the "**Arrangement Agreement**"). The Arrangement Agreement contemplates the acquisition of Twin Butte by the Purchaser by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**") pursuant to which the Purchaser will acquire: (i) all of the issued and outstanding common shares of Twin Butte ("**Common Shares**"), including any Common Shares which are issued upon the exercise of outstanding options or other convertible securities of Twin Butte; and (ii) all of the outstanding 6.25% convertible unsecured subordinated debentures due December 31, 2018 of Twin Butte ("**Debentures**").

Peters & Co. understands that pursuant to the Arrangement: (i) holders of Common Shares will be entitled to receive consideration ("**Consideration**") of $0.06 in cash per Common Share; and (ii) holders of Debentures will be entitled to receive consideration of $140 in cash per $1,000 principal amount of Debentures plus accrued and unpaid interest payable thereon up to but excluding the effective date of the Arrangement, as set forth in the Arrangement Agreement and related plan of arrangement. The Arrangement is subject to the terms and conditions of the Arrangement Agreement, including receipt of all applicable approvals.

Peters & Co. understands that all directors and executive officers of Twin Butte have agreed to enter into support agreements (the "**Support Agreements**") pursuant to which they have agreed to vote the Common Shares and Debentures beneficially owned or controlled by them in favour of the Arrangement.

Engagement of Peters & Co.

Peters & Co. was formally engaged by the board of directors of Twin Butte (the "**Board**") pursuant to an engagement agreement dated December 3, 2015 (the "**Engagement Agreement**"), to provide certain financial advisory services, including, but not limited to, the potential preparation and provision of a fairness opinion. This opinion (the "**Fairness Opinion**") as to the fairness, from a financial point of view, of the Consideration to be received by the holders of Common Shares pursuant to the Arrangement is provided pursuant to the Engagement Agreement.

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, options or other securities involved in the Arrangement and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in the 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

payable upon the completion of the Arrangement. Twin Butte has agreed to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use by Twin Butte and the Board of this Fairness Opinion.

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 Securities 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, oilfield services and energy infrastructure 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, oilfield services and energy infrastructure companies, trusts and limited partnerships 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 Fairness Opinion has been reviewed and approved for release by certain senior corporate finance principals 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 Twin Butte or the Purchaser. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Twin Butte or the Purchaser in connection with any matter, other than acting as a financial advisor to Twin Butte pursuant to the Engagement Agreement.

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 Twin Butte from time to time and has executed, or may execute, transactions in the securities of 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 Common Shares, the Debentures, and the Arrangement. There are no understandings or agreements between Peters & Co., Twin Butte and/or the Purchaser with respect to any future business dealings.

Scope of Review

In connection with rendering the Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

Information Concerning Twin Butte

(i) a draft of the Arrangement Agreement;

(ii) a draft of the Support Agreements for certain holders of Common Shares and Debentures;

(iii) the amended and restated credit agreement of Twin Butte dated January 15, 2016;

(iv) the amended and restated credit agreement dated June 23, 2016 among Twin Butte, certain financial institutions, as lenders, and National Bank Financial Inc., as lead arranger and sole bookrunner;

(v) the forbearance and tenth amending agreement dated June 23, 2016 among Twin Butte, certain financial institutions, as lenders, and National Bank Financial Inc., as administrative agent of the lenders;

(vi) the unaudited financial statements and management's discussion and analysis of Twin Butte for the three month periods ended March 31, 2016 and 2015;

(vii) the audited financial statements and management's discussion and analysis of Twin Butte for the years ended December 31, 2015 and 2014, together with the notes thereto and the auditors' report thereon;

(viii) the report prepared by McDaniel & Associates Consultants Ltd. dated February 26, 2016 evaluating the oil, natural gas and natural gas liquid reserves of Twin Butte as at December 31, 2015;

(ix) the annual information form of Twin Butte dated March 29, 2016 for the year ended December 31, 2015;

(x) the management information circular of Twin Butte dated March 27, 2015 for the annual meeting of holders of Common Shares held on May 15, 2015;

(xi) the convertible debenture indenture of Twin Butte dated as of December 13, 2013;

(xii) the material change report dated June 23, 2016 and the news release dated June 22, 2016 with respect to the extension to the maturity date of Twin Butte's $85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's $140 million revolving credit facility;

(xiii) the material change report dated June 22, 2016 and the news release dated June 21, 2016 with respect to the extension to the maturity date of Twin Butte's $85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's $140 million revolving credit facility;

(xiv) the material change report dated June 10, 2016 and: i) the news release dated June 7, 2016 with respect to the maturity date of Twin Butte's $85 million non-revolving credit facility not being extended and expiry of the revolving period of Twin Butte's $140 million revolving credit facility; and ii) the news releases dated June 8 and June 9, 2016 with respect to the extension to the

maturity date of Twin Butte's $85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's $140 million revolving credit facility;

(xv) the material change report dated June 3, 2016 and the news releases dated May 31, June 1 and June 2, 2016 with respect to the extension to the maturity date of Twin Butte's $85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's $140 million revolving credit facility;

(xvi) the material change report dated May 3, 2016 and the news release dated May 2, 2016 with respect to the extension to the maturity date of Twin Butte's $85 million non-revolving credit facility;

(xvii) the material change report dated January 25, 2016 and the news release dated January 15, 2016 with respect to the semi-annual review of Twin Butte's credit facilities;

(xviii) the material change report dated December 10, 2015 and the news release dated December 9, 2015 with respect to the suspension of the Twin Butte's monthly dividend;

(xix) the material change report dated November 12, 2015 and the news release dated November 11, 2015 with respect to the reduction to Twin Butte's monthly dividend to $0.00083 per share;

(xx) the material change report dated August 13, 2015 and the news release dated August 12, 2015 with respect to the reduction to Twin Butte's monthly dividend to $0.003 per share;

(xxi) the material change report dated May 20, 2014 and the news release dated May 13, 2014 with respect to Twin Butte's results for the three month period ended March 31, 2014 and 2014 revised forecast;

(xxii) the internal forecasts of Twin Butte, prepared by management, for the twelve month periods ending December 31, 2016, 2017 and 2018;

(xxiii) a schedule of current developed and undeveloped land holdings of Twin Butte;

(xxiv) information obtained in various discussions with the senior management and certain other employees of Twin Butte and Twin Butte's legal counsel; and

(xxv) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of Twin Butte.

Information Concerning the Purchaser

(i) information obtained in various discussions with the senior management of the Purchaser, certain other employees of the Purchaser, and the financial advisor to the Advisor with regard to, among other things, the business, current financial condition, and funding arrangements of the Purchaser; and

(ii) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of the Purchaser.

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 for Twin Butte specifically;

(iii) reviewed the operating and financial performance and business characteristics of Twin Butte relative to the performance and characteristics of select relevant Canadian exploration and production companies;

(iv) received representations contained in a certificate addressed to us from certain senior officers of 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 access by Twin Butte to its senior management, the Board 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 Twin Butte and the Purchaser as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of Twin Butte and the Purchaser. 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 us from public sources or received from Twin Butte and the Purchaser or their respective consultants or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. 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 Twin Butte and the Purchaser 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 rendering 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 Common Shares or Debentures should vote in favour of the Arrangement.

Certain senior officers of Twin Butte have represented to us in a certificate that, among other things, the Information provided to us on behalf of Twin Butte, as applicable, is complete and correct at the date such Information was provided, and that since the date of the provision of such Information, there has been no

material change, financial or otherwise, in the position of Twin Butte or its assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature so as to render such 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 Twin Butte as to the matters covered thereby, and in rendering the 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 Common Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of Common Shares.

This Fairness Opinion may be relied upon by the Board solely for the purposes of considering the Arrangement and its recommendation to the holders of Common 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 E

SECTION 191 OF THE ABCA

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

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 the shareholder 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 the shareholder's 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 examination for discovery,

(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.

RSA 2000 cB 9 s191;2005 c40 s7;2009 c53 s30

APPENDIX F

STATEMENT OF EXECUTIVE COMPENSATION IN THE FORM OF FORM 51-102F6

Information Concerning Twin Butte Energy Ltd.

We are an intermediate oil and natural gas producer. Set forth below is the statement of executive compensation in the form of Form 51-102F6 – *Statement of Executive Compensation* for our company for the year ended December 31, 2015.

Composition of our Compensation, Nominating and Corporate Governance Committee

Our board of directors (our "**Board**") has appointed a Compensation, Nominating and Corporate Governance Committee (referred to hereafter as our "**committee**", our "**Committee**", our "**Compensation Committee**" and our "**Compensation, Nominating and Corporate Governance Committee**") of our Board comprised of John A. Brussa (Chair), R. James Brown and David M. Fitzpatrick, all of whom are "independent" for the purposes of National Instrument 58-101 – *Corporate Governance Guidelines*. The following table sets forth the relevant skills and experience of each member of our committee that enables such member to make decisions on the suitability of our compensation policies and practices.

Name	Relevant Skills and Experience
John A. Brussa (Chair)	Mr. Brussa's skills and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from his extensive service on boards and compensation committees of numerous publicly traded oil and gas companies. Mr. Brussa holds a Bachelor of Arts, History and Economics degree and a Bachelor of Laws degree from the University of Windsor.
R. James Brown	Mr. Brown's skills and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from more than 25 years' of experience in the oil and gas and mining industry including as Chief Financial Officer with Fording Canadian Coal Trust, High Point Resources Inc., Dorset Exploration Ltd., Richland Petroleum Inc. and Terraquest Energy Inc., all public oil and gas companies. He has also developed practical experience in executive compensation from his service on boards and compensation committees of numerous publicly traded companies. Mr. Brown holds a Bachelor of Commerce degree from the University of Calgary and is a Chartered Accountant.
David M. Fitzpatrick	Mr. Fitzpatrick's skills and experience that enable him to make decisions on the suitability of our compensation policies and practices are derived from more than 29 years' of experience in the oil and gas industry including as President, Chief Executive Officer and a director of Shiningbank Energy Ltd. from 1996 to 2007. He has also developed practical experience in executive compensation from his service on boards and compensation committees of numerous publicly traded oil and gas companies. Mr. Fitzpatrick obtained his BSc. in Geological Engineering from Queens University, and has obtained the Chartered Director Designation from the DeGroote School of Business.

Mandate and Terms of Reference of our Compensation Committee

Our Board has adopted a mandate for our Compensation, Nominating and Corporate Governance Committee which has, as part of its mandate, the responsibility for reviewing matters relating to the human resource policies and compensation of our directors, officers and employees in the context of our budget and business plan. Without limiting the generality of the foregoing, the committee has the following duties:

(i) to review the compensation philosophy and remuneration policy for our officers and to recommend to our Board changes to improve our ability to recruit, retain and motivate officers;

(ii) to review and recommend to our Board the retainer and fees to be paid to members of our Board;

(iii) to review and approve corporate goals and objectives relevant to the compensation of our President and Chief Executive Officer and to evaluate our President and Chief Executive Officer's performance in light of those corporate goals and objectives, and determine (or make recommendations to our Board with respect to) our President and Chief Executive Officer's compensation level based on such evaluation;

(iv) to recommend to our Board with respect to non-Chief Executive Officer officer and director compensation including to review management's recommendations for proposed share options, share purchase plans and other incentive-compensation plans and equity-based plans for non-Chief Executive Officer officer and director compensation and make recommendations in respect thereof to our Board;

(v) to administer the share option plan, share award incentive plan and other incentive plans approved by our Board in accordance with their terms including recommending (and, if delegated authority thereunder, approving) the grant of share options, share awards and other incentives in accordance with the terms thereof;

(vi) to determine and recommend for approval of our Board bonuses to be paid to our officers and employees and to establish targets or criteria for the payment of such bonuses, if appropriate;

(vii) to review the annual disclosure required by applicable securities laws to be made by our company with respect to compensation including our Compensation Discussion and Analysis required to be included in our information circular – proxy statement and review other executive compensation disclosure before we disclose such information; and

(viii) to conduct an assessment, at least once a year, of the risks associated with our company's compensation policies and practices and prepare and submit to our Board annually a report summarizing: (i) the risks identified in such assessment that are reasonably likely to have a material adverse effect on our company; and (ii) the recommendations of our Compensation Committee to mitigate against any potential items identified in such assessment that may be reasonably expected to lead an executive officer to take inappropriate or excessive risks.

Our Compensation Committee is required to be comprised of at least three of our directors or such greater number as our Board may determine from time to time. All members of our committee are required to be independent as such term is defined for purposes of National Instrument 58-101. Our Board is from time to time to designate one of the members of our committee to be the Chair of our committee. Pursuant to the Mandate and Terms of Reference of our Compensation Committee, meetings of our committee are to take place at least one time per year and at such other times as the Chair of our committee may determine.

Compensation Consultant or Advisor

Other than participation in the 2015 annual energy compensation survey conducted by Mercer Human Resources Consulting ("**Mercer**"), at no time in the most recently completed financial year has a compensation consultant or advisor been retained by our company to assist our Board or our Compensation Committee to determine the compensation of our directors or executive officers.

No fees were billed by any consultant or advisor for services related to determining compensation for any of our directors or executive officers in the two most recently completed financial years.

COMPENSATION DISCUSSION AND ANALYSIS

Our executive compensation program is administered by our Compensation Committee. In establishing our annual compensation program, our Chief Executive Officer provides recommendations to our Compensation Committee with respect to compensation for our executive officers, including our Chief Executive Officer, and our employees. In making such recommendations, our Chief Executive Officer reviews a number of factors including general

industry compensation data and compensation data compiled for our informal peer group, corporate performance as well as individual performance. Prior to submitting recommendations to our Compensation Committee, the recommendations are reviewed and discussed with the Chairman of the Compensation Committee and adjustments may be made as a result of those discussions. Our Compensation Committee reviews the data and information provided and recommendations for compensation are then made by our Compensation Committee to our full Board for consideration. Our Board meets in the absence of our Chief Executive Officer to discuss the recommendations made by our committee for executive compensation, including the recommendation for our Chief Executive Officer's compensation. Discussions, both formal and informal, may ensue between both our Compensation Committee and our Board and our Chief Executive Officer with respect to the recommendations and adjustments may be made prior to final approval by our Board.

Objectives and Principles of Executive Compensation Program

The objectives of our executive compensation program are twofold, namely: (i) to enable our company to attract and retain highly qualified and experienced individuals to serve as executive officers (including our Named Executive Officers); and (ii) to align the compensation levels available to our executive officers to the successful implementation of our strategic plans and annual objectives. Our executive compensation program is designed to reward our executive officers where they have contributed to our success and growth.

A significant component of our compensation program is based on a "pay-for-performance" philosophy which supports our commitment to delivering strong performance for our shareholders. Our compensation policies are designed to attract, recruit and retain individuals of high calibre to serve as our officers, to motivate their performance in order to achieve our strategic objectives and to align the interests of executive officers with the long-term interests of our shareholders and enhancement in share value. Compensation of all executive officers, including our Chief Executive Officer, is based on the underlying philosophy that such compensation should be competitive with other corporations of similar size and should be reflective of the experience, performance and contribution of the individuals involved and our overall performance. Our committee also recognizes that the executive compensation program must be sufficiently flexible in order to adapt to unexpected developments in the oil and gas industry and the impact of internal and market related occurrences from time to time.

Compensation and Market Position

In December 2014, when determining executive compensation in respect of fiscal 2015, management and our Compensation Committee utilized the independent "Mercer Total Compensation Survey for the Energy Sector – 2014" (the "**Mercer Survey**") for industry compensation information for companies producing between 7,000 and 40,000 barrels of oil equivalent per day. Management and our Compensation Committee also referred to executive compensation information derived from the public record of companies (including, Bellatrix Exploration Ltd., Crew Energy Inc., Cardinal Energy Ltd., Legacy Oil + Gas Inc., Lightstream Resources Ltd., Long Run Exploration Ltd., Northern Blizzard Resources Inc., Surge Energy Inc., TORC Oil & Gas Ltd. and Whitecap Resources Inc.) to confirm that the industry data utilized from the Mercer Survey was an appropriate benchmark. At the time of establishment of 2015 base salaries, information provided by the Mercer Survey was in respect of 2014 compensation practices.

The competitiveness of our Named Executive Officers compensation is assessed based on total compensation defined as the aggregate of salary, bonuses and long-term incentives valued as of the time of grant. For fiscal 2015, it was our philosophy to target total compensation for our Named Executive Officers at the 50th percentile of that of the informal comparator group based on available market data with the potential for increase depending on both individual and corporate performance.

Elements of Our Executive Compensation Program

Our compensation program for all of our employees, including our executive officers, is comprised of three principal components: (i) base salary, perquisites and contributions to our employee stock savings plan, (ii) short-term incentive compensation comprised of annual discretionary cash bonuses, and (iii) long-term incentive compensation comprised of restricted and performance awards. Together, these components are designed to achieve the following key objectives:

- aligning the compensation framework so as to promote and support our company's overall business strategy and long term strategic plans and objectives;
- to provide market competitive compensation that is significantly performance based by ensuring that a significant portion of annual (cash bonuses) and long-term (restricted and performance awards) incentive compensation is tied to share performance and corporate and individual performance and, therefore, is at risk (not guaranteed) and variable year over year;
- to provide incentives which encourage superior corporate performance and retention of highly skilled and talented employees; and
- to align executive compensation, particularly by awarding a significant portion of long-term incentive compensation in the form of performance awards, with share performance and corporate performance and therefore shareholders' interests.

The aggregate value of these principal components and related benefits is used as a basis for assessing the overall competiveness of our company's compensation package. The fixed element of compensation provides a competitive base of secure compensation required to attract and retain executive talent. The variable performance based, or "at risk" compensation, is designed to encourage both short-term and long-term performance of our company. At more senior levels of the organization, a significant portion of compensation eligible to be paid is variable performance based compensation which places a greater emphasis on rewarding executives for their individual contributions, business results of our company and long-term value creation for shareholders. Awarding long-term incentive compensation in the form of restricted and performance awards provides, through the value of the common shares, a direct link with shareholder return. In addition, awarding a significant portion of long-term incentive compensation to our executive officers in the form of performance awards provides, through the value of the common shares and payout multiplier, a direct link between corporate performance and the level of payout received. If threshold performance is not met, the payout multiplier will be 0x and no payouts will be made under the performance awards.

Each element of our executive compensation program is described below.

Base Salaries

The base salary component is intended to provide a fixed level of competitive pay that reflects each executive officer's primary duties and responsibilities and the level of skills and experience required to successfully perform his or her role. The payment of base salaries is a fundamental component of our company's compensation program and serves to attract and retain highly qualified executives. Our company intends to pay base salaries to our executive officers, including our Chief Executive Officer, that are competitive with those for similar positions within our selected peer group. For our executive officers for fiscal 2015, base salaries were targeted at the median of our informal comparative peer group. Salaries of our executive officers, including that of our Chief Executive Officer, are reviewed annually by our Compensation Committee based upon a review of corporate and personal performance and individual levels of responsibility. Salaries for executive officers are not determined based on specific benchmarks, performance goals or a specific formula. The base salaries for the financial year ended December 31, 2015, were set to be competitive with industry levels and our Compensation Committee had regard to the contributions made by our executive officers. In assessing comparability, we relied upon salary and other remuneration data provided by Mercer as well as other compensation information obtained from public disclosure documents of comparable issuers. Consideration was given to the time period evaluated in industry surveys and public data and to the business climate applicable at the time with respect to industry demand for experienced personnel.

In response to depressed oil and natural gas prices, the 2015 base salaries of our executive officers were reduced by 10% effective April 1, 2015 and another 4.6% effective December 1, 2015.

Employee Stock Savings Plan and Other Perquisites

We also provide executive officers, along with all other employees, with voluntary participation in our company's employee stock savings plan ("**ESSP**") established effective April 1, 2009. The purpose of the ESSP is to make available to our permanent employees a means of acquiring through regular payroll deductions and our additional contribution, common shares so that the employee can benefit from the growth in our share value. See "Statement

of Executive Compensation – Incentive Plans – Employee Stock Savings Plan" for a description of the ESSP. In addition, we also provide certain perquisites and other benefits to employees which are generally typical of those provided by our peers in the Canadian oil and natural gas industry including life and disability insurance and extended health and dental coverage.

Short-Term Incentive Compensation – Annual Cash Bonuses

In addition to base salaries, our company has a discretionary bonus plan pursuant to which our Board, upon recommendation of our Compensation Committee, may award annual cash bonuses to all employees, including executive officers. The bonus element of our company's executive compensation program is designed to retain top quality talent and reward both corporate and individual performance during our company's last completed financial year. To determine bonus awards for senior personnel, including the Named Executive Officers, our Compensation Committee considers both the executive's personal performance and the performance of our company relative to our peers. In addition, the discretionary bonus plan is intended to help ensure that overall executive cash compensation (i.e. salary and bonus) is comparable to the average cash compensation of executives at similar-sized oil and natural gas companies during the year in question. The amount of the bonus paid is not set in relation to any formula or specific criteria but is the result of a subjective determination of our company's and the individual's performance during the last fiscal year. While our committee has not established strict pre-determined quantitative performance criteria linked to the payment of bonuses, our committee will consider certain performance indicators including, but not limited to (i) growth in production on an absolute and per share basis; (ii) growth in reserves on both a proven and proven plus probable basis; (iii) finding and development costs; (iv) recycle ratio; (v) operating costs in the context of the overall market; (vi) cash flow per common share; and (vii) our performance for all of the above relative to our goals and objectives and in relation to the performance of similar-sized oil and natural gas companies during the year in question. The payment of bonuses is ultimately subject to the final approval of our Board and our Board has the discretion to amend or suspend the bonus plan at any time in its sole discretion.

Personal performance of employees is evaluated by our Chief Executive Officer and is based on certain subjective factors such as demonstrated leadership and individual contributions to the success of our company. Personal performance for each executive officer is evaluated by our Compensation Committee in consultation with our Chief Executive Officer and is based on a subjective analysis of the individual's contribution to the corporate performance of our company. After assessing corporate and personal performance, our Compensation Committee reviews, at its discretion, such other factors it considers relevant to its decision as to whether bonuses will be payable and, if so, the amounts of such bonuses. The proposed bonus amounts for executive officers are then recommended by our Compensation Committee for review, discussion and approval by our Board.

In response to depressed oil and natural gas prices, no annual cash bonuses were paid to our employees including our executive officers in respect of fiscal 2015.

Long Term Incentive Compensation

Restricted Awards and Performance Awards

Our share award incentive plan (the "**Share Award Plan**") has formed the basis of our long term incentive compensation program since January 2012. Our Compensation Committee recommended to the Board the adoption of the Share Award Plan following a review of the competitiveness of our long-term incentive compensation program relative to those provided by our company's peers. Following completion of the review, our Compensation Committee concluded that the Share Award Plan would serve as an effective retention tool and, in some cases, a more effective compensation mechanism than the historically used share option plan to incentivize employees, officers and other service providers to our company and better align the compensation of management and employees of our company with the success of our company and the creation of shareholder value over the longer term, which should be recognized in the trading price of the common shares. The Share Award Plan is consistent with similar long-term incentive programs of a number of our company's peers with whom our company competes for top quality staff. Shareholders of our company approved the unallocated awards under the Share Award Plan at the annual and special meeting of shareholders held on May 15, 2015.

Restricted awards ("**Restricted Awards**") and performance awards ("**Performance Awards**") (collectively, referred to as "**Share Awards**") granted under the Share Award Plan are normally recommended by management and approved by our Compensation Committee or our Board upon the commencement of an individual's employment with our company based on the level of responsibility within our company. Our current policy is that additional grants are made on a semi-annual basis to ensure that the number of Restricted Awards and Performance Awards granted to any particular individual is commensurate with the individual's level of ongoing responsibility within our company. The size of the semi-annual incentive award grants to individual employees is determined as a percentage of the employee's salary. In 2015, executives were granted semi-annual Restricted Awards and Performance Awards in the aggregate amount of approximately 40% of their respective base salary. The mix of Restricted Awards and Performance Awards will depend upon the level and nature of responsibilities of the particular employee, with a greater proportion of Performance Awards being allocated to executives and senior level employees. For the semi-annual grant of Share Awards in 2015, our Compensation Committee's practice was to weight the grants to executive officers as to approximately 70% in the form of Performance Awards and 30% in the form of Restricted Awards, emphasizing our company's philosophy to pay for performance. The Performance Awards, through the payout multiplier, provide a direct link to corporate performance and the level of payout received. The payout multiplier is dependent on the performance of our company relative to pre-defined corporate performance measures for a particular period and can be one of 0x (for fourth quartile ranking), 1x (for third quartile ranking), 1.5x (for second quartile ranking) and 2x (for first quartile ranking). Our Compensation Committee believes that the pay for performance orientation of the Performance Awards is aligned with shareholder interests. In considering additional grants, our Compensation Committee and our Board have flexibility in the determination of the size and mix of the Share Awards and assess all relevant circumstances, including the number of share awards held by such individual, the implied value of the Share Awards, the term remaining on such incentives and the total number of common shares reserved for issuance under the share option plan and the Share Award Plan on a combined basis. See "Statement of Executive Compensation – Incentive Plans – Share Award Incentive Plan" for a description of the detailed terms of the Share Award Plan. In 2015, in addition to the semi-annual Restricted Award and Performance Award grants, executives were also granted bonus awards which were awarded as Restricted Awards due to their retention value as such awards vest on each of the first, second and third anniversary dates of the date of grant.

2015 Share Awards

The following table details the Restricted Awards and the Performance Awards granted to each of the Named Executive Officers in 2015.

Name	Restricted Awards (#)	Performance Awards (#)	Performance Awards as % of Total Awards (%)
James Saunders	498,705	241,834	33
R. Alan Steele	474,987	255,627	35
Robert Wollmann	494,243	265,990	35
David W. Middleton	474,987	255,627	35
Preston Kraft	290,314	193,448	40

Note:

(1) The value of these grants is reported in the Summary Compensation Table below in "Statement of Executive Compensation – Summary Compensation Table".

Our Board, upon recommendation of our Compensation Committee, established the corporate performance measures listed in the table below (and the weighting of each measure) for purposes of calculating the payout multiplier in respect of the Performance Awards that vested during 2015 based upon financial and operating results for the year ended December 31, 2014.

Our Board, upon recommendation of our Compensation Committee, assessed our company's performance relative to the corporate performance measures listed in the table below and established the payout multiplier for those Performance Awards that vested during 2015. The results of that assessment are as follows:

Corporate Performance Measure	Results / Quartile Ranking	Multiplier	Weighting	Weighted Multiplier
Relative Total Shareholder Return for the year ended December 31, 2014	Ranked 17 out of 21 member companies in the TSX Composite Oil & Gas Exploration and Production sub-index which our Board determined to be our company's peers resulting in a fourth quartile ranking	0.0	20%	0.0
Relative Total Shareholder Return for 3 year average ending Dec 31, 2014	Ranked 8 of 18 member companies in the TSX Composite Oil & Gas Exploration and Production sub-index which our Board determined to be our company's peers resulting in a second quartile ranking	1.5	20%	0.3
Development and Execution of Strategic Plan	Our Compensation Committee and our Board evaluated management's performance and assigned a first quartile ranking	2.0	25%	0.5
Recycle Ratio for the year ended December 31, 2014	Our Compensation Committee and our Board ranked our company in the third quartile of its peer comparison group	1.0	12.5%	0.125
Payout Ratio/Growth for the year ended December 31, 2014	Our Compensation Committee and our Board ranked our company in the second quartile of our company's peer comparison group	1.5	12.5%	0.1875
Health, Safety & Environment	Our Compensation Committee and our Board evaluated our company's HS&E performance and assigned a first quartile ranking	1.0	10%	0.1
		Total		**1.2125**
		Payout Multiplier		**1.0x**

For further information regarding the outstanding Restricted Awards and Performance Awards held by the Named Executive Officers, see "Statement of Executive Compensation – Incentive Plan Awards – Outstanding Option-based and Share-based Awards" and "Incentive Plan Awards – Value Vested or Earned During the Year" below.

Share Options

We discontinued the grant of share options under the share option plan (the "**Option Plan**") on January 9, 2012. No further share options may be granted under the Option Plan without the approval of shareholders. See "Statement of Executive Compensation – Incentive Plans – Share Option Plan" for a description of the Option Plan which governs the outstanding share options as at the date hereof.

Review of Risks Associated with Compensation Policies and Practices

As described herein, our company's executive compensation program is administered by our Compensation Committee. In carrying out its mandate, our Compensation Committee reviewed the elements of compensation of our company to identify any risks arising from our company's compensation policies and practices that could reasonably be expected to have a material adverse effect on our company as well as the practices used to mitigate any such issues. Our Compensation Committee concluded that the compensation program and policies of our company does not encourage our executive officers to take inappropriate or excessive risks. This assessment was based on a number of considerations including, without limitation, the following: (i) the compensation program of our company attempts to achieve a balance between cash and equity compensation which are based both on individual and corporate performance, both financial and non-financial and the overall compensation program is

market based and aligned with our company's business plan and long term strategies; (ii) our company's compensation policies and practices are generally uniform throughout the organization and there are no significant differences in compensation structure among our executive officers; (iii) the compensation package for executive officers consists of fixed (base salary, perquisites and contributions to our employee stock savings plan) and variable elements (cash bonus and Share Awards) which are designed to balance our short term goals and our long-term interests and are aimed at creating sustainable value for our shareholders; (iv) in exercising its discretion under the cash bonus plan and grants of Share Awards, our Compensation Committee reviews individual and corporate performance taking into account the long-term interests of our company; (v) awarding a significant portion of long term incentive compensation in the form of Performance Awards provides, through the payout multiplier, a direct link between corporate performance and the level of payout received. If threshold performance is not met, the payout multiplier will be 0x and no payouts will be made under the Performance Awards; (vi) using a variety of measures to assess corporate performance, such as total shareholder return and profitability of investment; (vii) Share Awards are generally granted semi-annually and vest over a three year period which further mitigates any short-term risk taking potential; and (viii) results of assessments of individual contributions of executives officers are reviewed and considered in awarding compensation and such discretionary judgement is applied in awarding both discretionary bonuses under the cash bonus plan and future compensation.

Short Sales, Puts, Calls and Options

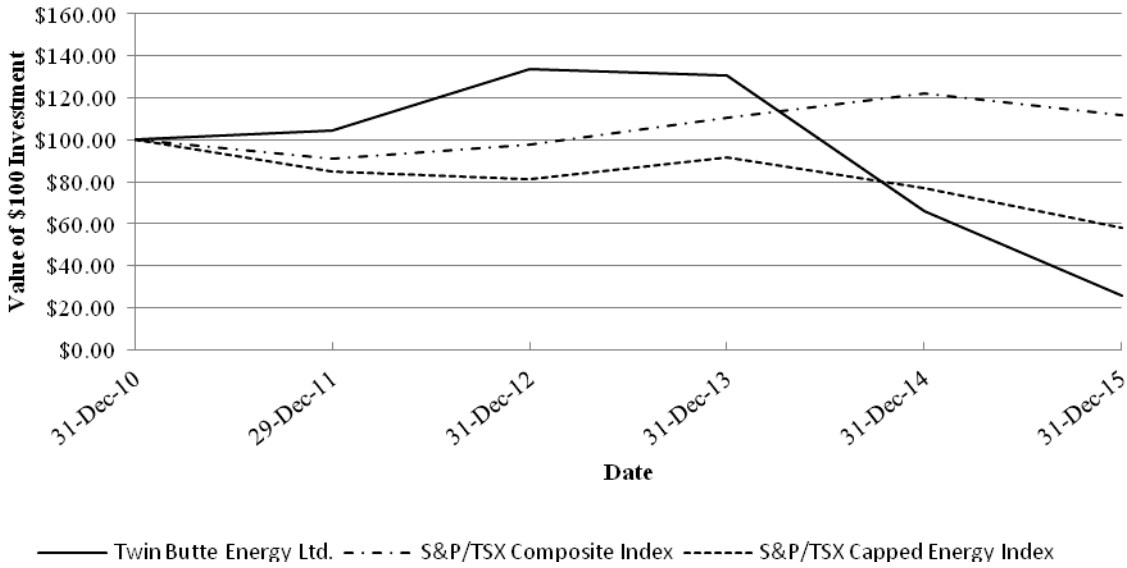
Our Disclosure, Confidentiality and Trading Policy provides that our directors, officers and all of our employees, shall not knowingly sell, directly or indirectly, a security of our company if such person selling such security does not own or has not fully paid for the security to be sold. In addition, the Disclosure, Confidentiality and Trading Policy provides that our directors, officers and employees shall not, directly or indirectly, buy or sell a call or put in respect of a security of our company. Notwithstanding these prohibitions, our directors, officers and employees may sell a security which such person does not own if such person owns another security convertible into the security sold or an option or right to acquire the security sold and, within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the security so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable to the purchaser.

Summary

Our compensation policies have allowed us to attract and retain a team of motivated professionals and support staff working towards the common goal of enhancing shareholder value. Our Compensation Committee has reviewed the compensation regime and is satisfied that the current levels of total compensation are reflective of competitive market practices, align pay for performance with the interests of shareholders and support our company's objective to attract, retain and motivate highly capable executive talent. Through the compensation program described above, a meaningful portion of the compensation for all employees, including executives, is based on corporate performance, as well as industry-competitive pay practices. Our Compensation Committee and our Board will continue to review compensation policies to ensure that they are competitive within the oil and natural gas industry and consistent with the performance of our company.

Performance Graph

The following graph compares the cumulative total shareholder return for $100 invested in the common shares for the period from December 31, 2010 to December 31, 2015, as measured by the closing price of the common shares at the end of each year, with the cumulative total return on each of the S&P/TSX Composite Index and the S&P/TSX Capped Energy Index, assuming the reinvestment of dividends, where applicable, for the same period.



Comparison of Cumulative Total Return [(1)]

	December 31, 2010	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Twin Butte	$100.00	$104.41	$133.88	$130.53	$66.12	$25.58
S&P/TSX Composite Index	$100.00	$91.29	$97.85	$110.56	$122.23	$112.06
S&P/TSX Capped Energy Index	$100.00	$85.20	$81.08	$91.88	$76.87	$58.32

Note:
(1) Assuming an investment of $100 on December 31, 2010.

Compensation levels for our Named Executive Officers over the period indicated above are generally consistent with the trend of total return on investment charted for our company in the performance graph, reflecting the higher proportion of "at risk" compensation for our Named Executive Officers in the form of share option grants until 2012 and in the form of Share Awards since 2012, with the value of such options and Share Awards being directly affected by changes in share price. However, as described under "Compensation Discussion and Analysis", base salaries are not determined on benchmarks, performance goals or specific formula but are set to be competitive with industry levels and the payment of cash bonuses was based on the determination that various of our operational and other objectives were met, the results of which may not have been reflected in the share price. In addition, the trading price of the common shares may be affected by various factors not related to our results such as changes in commodity prices and general economic conditions. Accordingly, it is difficult to specifically correlate total compensation to the trends shown in the above performance graph.

STATEMENT OF EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning the compensation during each of our three most recently completed fiscal years paid to our Chief Executive Officer and Chief Financial Officer and each of our three other most highly compensated executive officers, other than our Chief Executive Officer and Chief Financial Officer, for the year ended December 31, 2015 whose total compensation was more than $150,000 (collectively, our "**Named Executive Officers**").

Name and principal position	Year	Salary	Share-based awards [4]	Option-based awards	Non-equity annual incentive plan compensation		Pension value	All other compensation [6]	Total compensation
					Annual incentive plans [5]	Long-term incentive plans			
		($)	($)	($)	($)	($)	($)	($)	($)
James Saunders	2015	282,137	588,001	Nil	Nil	Nil	Nil	28,107	898,245
Executive Chairman [1]	2014	400,000	600,002	Nil	150,000	Nil	Nil	32,000	1,182,002
	2013	350,000	524,999	Nil	155,000	Nil	Nil	24,500	1,054,499
Robert Wollmann	2015	354,785	600,600	Nil	Nil	Nil	Nil	34,102	989,487
President and Chief Executive Officer [2]	2014	229,385	540,000	Nil	150,000	Nil	Nil	11,470	930,855
R. Alan Steele	2015	340,967	577,200	Nil	Nil	Nil	Nil	32,773	950,940
Vice President, Finance,	2014	360,000	540,000	Nil	150,000	Nil	Nil	28,800	1,078,800
Chief Financial Officer and Corporate Secretary	2013	300,000	464,999	Nil	140,000	Nil	Nil	21,000	925,999
David W. Middleton	2015	340,967	577,200	Nil	Nil	Nil	Nil	32,773	950,940
Chief Operating Officer [3]	2014	229,385	540,000	Nil	150,000	Nil	Nil	11,470	930,855
Preston Kraft	2015	258,054	380,801	Nil	Nil	Nil	Nil	24,803	663,058
Vice President,	2014	270,000	354,376	Nil	100,000	Nil	Nil	21,600	745,973
Engineering	2013	250,000	375,001	Nil	110,000	Nil	Nil	17,500	752,501

Notes:

(1) Mr. Saunders was appointed Executive Chairman of our company on March 23, 2015. Prior to this, Mr. Saunders was Chief Executive Officer of our company from January 14, 2014 until March 23, 2015 and from November 5, 2008 to January 14, 2014, Mr. Saunders was President and Chief Executive Officer of our company.

(2) Mr. Wollmann was appointed President of our company on May 13, 2014 and was also appointed Chief Executive Officer of our company on March 23, 2015.

(3) Mr. Middleton was appointed Chief Operating Officer of our company on May 13, 2014.

(4) Refers to Restricted Awards and Performance Awards granted under the Share Award Plan. The fair value of the Share Awards granted is obtained by multiplying the number of Share Awards granted by the weighted average trading price of the common shares on the TSX for the five trading days prior to the date of grant. At the date of each grant, a Payout Multiplier (as defined below in "Statement of Executive Compensation – Incentive Plan – Share Award Incentive Plan") of between 0.75 – 1x is estimated for the Performance Award grants. See "Statement of Executive Compensation – Incentive Plans – Share Award Incentive Plan". The fair value of Share Award grants have been determined using the same methodology and values used in determining the Share Award value for our financial statements as we believe it represents the best estimate of fair value of the Share Awards at the time of the grant.

(5) The amounts set forth in the column are the cash bonuses earned by our Named Executive Officers in fiscal 2013, 2014 and 2015, as the case may be, and paid or to be paid to our Named Executive Officers in fiscal 2014, 2015 and 2016, as the case may be.

(6) The amounts set forth in the column represent our matching contributions to the ESSP. See "Compensation Discussion and Analysis – Elements of Our Executive Compensation Program – Employee Stock Savings Plan and Other Perquisites". The value of perquisites received by each of our Named Executive Officers, including property or other personal benefits provided to our Named Executive Officers that are not generally available to all employees, were not in the aggregate greater than $50,000 or 10% of our Named Executive Officer's total salary for the financial year.

Incentive Plan Awards

Outstanding Option-based and Share-based Awards

The following table sets forth all option-based awards and share-based awards outstanding for each of our Named Executive Officers as at December 31, 2015.

	Option-based Awards [1]				Share-based Awards		
Name	Number of securities underlying unexercised options	Option exercise price	Option expiration date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested [2]	Market or payout value of share-based awards that have not vested [2]	Market or payout value of vested share-based awards not paid out or distributed
	(#)	($)		($)	(#)	($)	($)
James Saunders	Nil	N/A	N/A	Nil	1,185,381	106,684	4,523
R. Alan Steele	Nil	N/A	N/A	Nil	1,134,657	102,119	6,791
Robert Wollmann	Nil	N/A	N/A	Nil	1,106,229	99,561	11,127
David W. Middleton	Nil	N/A	N/A	Nil	1,072,760	96,548	11,127
Preston Kraft	Nil	N/A	N/A	Nil	763,156	68,684	20,840

Notes:

(1) Our Named Executive Officers do not own any share options. As described under the heading "Compensation Discussion and Analysis – Elements of Our Executive Compensation Program", in 2012, we discontinued the grant of options under the Option Plan and commenced granting Restricted Awards and Performance Awards pursuant to the Share Award Plan.

(2) Calculated based on the closing price of the common shares on the TSX on December 31, 2015, which was $0.09 per share, multiplied by the number of unvested or vested Share Awards, as applicable. A Payout Multiplier of between 0.75 – 1x has been estimated for the Performance Award grants. The calculated value includes the value of dividend equivalents that have accumulated on the underlying grants.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested during the year ended December 31, 2015, and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015, for each Named Executive Officer.

Name	Option-based awards – Value of options vested during the year (as at vesting date) [1]	Share-based awards – Value vested during the year [2]	Non-equity incentive plan compensation – Value earned during the year [3]
	($)	($)	($)
James Saunders	Nil	183,623	Nil
R. Alan Steele	Nil	166,885	Nil
Robert Wollmann	Nil	86,542	Nil
David W. Middleton	Nil	86,542	Nil
Preston Kraft	Nil	166,478	Nil

Notes:

(1) Our Named Executive Officers do not own any share options.

(2) Calculated based on the closing price of the common shares on the TSX on the date of vesting multiplied by the number of vested Share Awards. The calculated value includes the value of dividend equivalents that accumulated on the underlying grants.

(3) In response to depressed oil and natural gas prices, no annual cash bonuses were paid to our Named Executive Officers in respect of fiscal 2015.

Pension Plan Benefits

We do not have a pension plan or similar benefit program.

Termination and Change of Control Benefits

We have entered into an executive employment agreements with each of our Named Executive Officers. Each of the executive employment agreements and employment continue indefinitely until terminated in accordance with the terms. Each of the Named Executive Officers are entitled to participate in and receive all rights and benefits under our benefit plans, and any other benefits and perquisites provided to our executives from time to time. All such benefits and perquisites cease as of the last day of employment, regardless of why employment ceases, and we have no obligation to extend benefit coverage past the last day of employment.

The executive employment agreements may be terminated at any time for just cause (in which instance there are no payments other than accrued compensation) and without just cause (including constructive dismissal). If the employment of any of the Named Executive Officers is terminated without just cause (including constructive dismissal) each Named Executive Officer in such circumstances is, in addition to accrued compensation, entitled to a retiring allowance equal to one times his annual base salary, a twenty percent top-up for loss of benefits, perquisites and savings plan, and one times the average of the cash bonuses paid during the two prior years. In the event of a change of control (as defined in the executive employment agreements), Messrs. Saunders and Steele have the right for a period of 90 days thereafter to elect to terminate their executive employment agreement and their employment (by providing our company with two week's advance written notice), and in such circumstances obtain a retiring allowance payment calculated on the same basis as if employment had been terminated by our company without just cause. In the event of a change of control (as defined in the executive employment agreements), Messrs. Wollmann, Middleton and Kraft have an election to terminate their executive employment agreement and employment if there is good reason (an adverse change in any of their duties, powers, rights, discretions, salary, title, or lines of employment such that immediately after such change or changes the executive's responsibilities and status taken as a whole are not substantially equivalent to those prior to the change or changes) and to receive the retiring allowance payment calculated on the same basis as if employment had been terminated by our company without just cause. Any retiring allowance payment made to any of our Named Executive Officers (regardless of whether before or after a change of control) is less required withholdings and subject to the requirement that we have received a full and final release. In addition, each of our Named Executive Officers have agreed that in the event of a termination of employment (regardless of the reason) that they will immediately resign from any positions they may hold as a director or officer, if so requested. All of our Named Executive Officers must, both during employment and thereafter, keep all of our confidential and proprietary information strictly confidential, any fiduciary obligations that they owe to our company are not limited by the terms of their executive employment agreements, and they have expressly agreed that for one year following the last day of employment that they will not directly or indirectly solicit or encourage any of our employees or consultants.

Where the executive employment agreements for the Named Executive Officers are terminated by our company without just cause (including constructive dismissal), or in the event that our Named Executive Officers have an entitlement to a retiring allowance following a change of control, the payments to them, calculated as at December 31, 2015 are as follows:

Named Executive Officer	Triggering Event	Cash Payment ($)	Share Awards [1][2] ($)	Total ($)
James Saunders	Termination without Just Cause	Nil	111,207	111,207
	Termination following a Change of Control	Nil	111,207	111,207
R. Alan Steele	Termination without Just Cause	456,120	108,910	565,030
	Termination following a Change of Control	456,120	108,910	565,030
Robert Wollmann	Termination without Just Cause	471,510	110,688	582,198

	Termination following a Change of Control	471,510	110,688	582,198
David W. Middleton	Termination without Just Cause	456,120	107,675	563,795
	Termination following a Change of Control	456,120	107,675	563,795
Preston Kraft	Termination without Just Cause	338,780	89,524	428,304
	Termination following a Change of Control	338,780	89,524	428,304

Notes:

(1) The Share Award Plan provides that if a Grantee (as defined below) ceases to be a service provider to our company for any reason other than in the case of death, termination for cause or voluntary resignation, effective as of that date that is 30 days after the cessation date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Share Awards which 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. The amounts shown in the table are calculated by multiplying the number of Restricted Awards and Performance Awards vesting in the 30 days following December 31, 2015 by the closing price of the common shares on the TSX on December 31, 2015 (being $0.09). For Performance Awards, a Payout Multiplier of 1x has been assumed. The calculated value includes the value of dividend equivalents that have accumulated on the underlying grants.

(2) In the event of a change of control pursuant to the terms of the Share Award Plan, the Share Award Plan provides that the issue date(s) applicable to the Share Awards will be accelerated such that the common shares to be issued pursuant to such 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 Performance Awards shall be determined by our Compensation, Nominating and Corporate Governance Committee. The amounts shown in the table are calculated by multiplying the number of Restricted Awards and Performance Awards by the closing price of the common shares on the TSX on December 31, 2015 (being $0.09). For Performance Awards, a Payout Multiplier of 1x has been assumed. The calculated value includes the value of dividend equivalents that have accumulated on the underlying grants.

Incentive Plans

Share Award Incentive Plan

Listed below is a summary of the principal terms of the Share Award Plan. A copy of the Share Award Plan is accessible on the SEDAR website at www.sedar.com (filed on March 13, 2013 under the filing category Securityholders Documents).

Purpose of the Share Award Plan

Subsequent to our shareholders approving the Share Award Plan on January 9, 2012, we commenced granting Restricted Awards and Performance Awards pursuant to the Share Award Plan and discontinued the grant of options under the Option Plan. On May 15, 2015, our shareholders approved the unallocated Share Awards under the Share Award Plan. The principal purposes of the Share Award Plan are: (i) to retain and attract employees, officers, directors, consultants and other service providers that we require; (ii) to promote a proprietary interest in our company by such service providers and to encourage such persons to remain in our employ or service and put forth maximum efforts for the success of our business; and (iii) to focus our management on our operating and financial performance and long-term total shareholder return.

Incentive-based compensation, such as the Share Award Plan, is an integral component of compensation for our service providers. The attraction and retention of qualified service providers has been identified as one of the key risks to our long-term strategic growth plan. The Share Award Plan is intended to maintain our competitiveness within the North American oil and gas industry to facilitate the achievement of our 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

Our Board has delegated the authority to administer the Share Award Plan to our Compensation Committee.

Under the terms of the Share Award Plan, any service provider may be granted Restricted Awards or Performance Awards. In determining the service providers to whom Share Awards may be granted ("**Grantees**"), the number of common shares to be covered by each Share Award and the allocation of the Share Awards between Restricted Awards and Performance Awards, our 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 our peer group;

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

(c) the corporate performance measures ("**Corporate Performance Measures**") for the applicable period compared with internally established performance measures approved by our Compensation Committee and/or similar performance measures of members of our peer group for such period;

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

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

(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 our Compensation Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Share Award Plan.

Restricted Awards

Each Restricted Award will entitle the holder to be issued the number of common shares designated in the Restricted Award with such common 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 our Compensation Committee).

Performance Awards

Each 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 our Compensation Committee) the number of common shares designated in the Performance Award multiplied by a payout multiplier ("**Payout Multiplier**").

The Payout Multiplier is determined by our 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 our growth; average production volumes; unit costs of production; total proved reserves; health, safety and environmental performance; the execution of our strategic plan and such additional measures as our 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).

Dividend Equivalents

The Share Award Plan provides for cumulative adjustments to the number of common shares to be issued on the date upon which the underlying award is issued pursuant to Share Awards on each date that dividends are paid on the common shares ("**Dividend Payment Date**") by an amount equal to a fraction having as its numerator the amount of the dividend per common share and having as its denominator the price, expressed as an amount per common share, paid by participants in our dividend reinvestment plan, if any, to reinvest their dividends in additional common shares on the applicable dividend payment date (the "**Reinvestment Price**"), provided that if we have suspended the operation of such plan or do 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 Dividend Payment Date.

Under the Share Award Plan, in the case of a non-cash dividend, including common shares or other securities or property, our 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 Share Award holder and, if so provided, the form in which it shall be provided.

Limitation on Common Shares Reserved

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

Limitations on Share Awards

The aggregate number of Share Awards granted to any single service provider shall not exceed 5% of the issued and outstanding common shares, calculated on an undiluted basis. In addition: (i) the number of common shares issuable to insiders at any time, under all of our security based compensation arrangements (including the Option Plan), 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 of our security based compensation arrangements, shall not exceed 10% of the issued and outstanding common shares. The number of common shares issuable pursuant to the Share Award Plan to non-management directors, in aggregate, is 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 1x will be assumed for any Performance Awards).

Issue Dates

If a Grantee is prohibited from trading in our securities as a result of the imposition by our company of a trading blackout (a "**Blackout Period**") and the issue date of a 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 Share Award shall be extended to a date that is ten business days following the end of such Blackout Period.

Payment of Share Awards

On the issue date, we 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:

(a) common shares issued from our treasury; or

(b) 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 our company of the right to receive such common shares under such Share Award.

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

Change of Control

In the event of a change of control of our company, the issue date(s) applicable to the Share Awards will be accelerated such that the common shares to be issued pursuant to such 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 Performance Awards shall be determined by our Compensation Committee.

Under the Share Award Plan, a change of control means:

(a) a successful take-over bid, pursuant to which the offeror as a result of such take-over bid beneficially owns in excess of 50% of the outstanding common shares; or

(b) 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, or (ii) an affiliate or associate 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 our company; or

(c) incumbent directors no longer constituting a majority of our Board; or

(d) the completion of an arrangement, merger or other form of reorganization of our company where the holders of the outstanding voting securities or interests of our company 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

(e) the winding up or termination of our company or the sale, lease or transfer of all or substantially all of the directly or indirectly held assets of our company to any other person or persons (other than pursuant to an internal reorganization or in circumstances where our business 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 (b) and (c) above were applicable to the transaction); or

(f) any determination by a majority of our 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 Share Award Plan;

provided that a change of control shall be deemed not to have occurred if a majority of our Board, in good faith, determines that a change of control was not intended to occur in the particular circumstances in question.

Early Termination Events

Pursuant to the Share Award Plan, unless otherwise determined by our Compensation Committee or unless otherwise provided in the 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:

(a) 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 agreements pertaining to a particular Share Award shall be accelerated to the cessation date, provided that our Chief Executive Officer in the case of a Grantee who is not a director or officer and our Compensation Committee in all other cases, taking into consideration the performance of such Grantee and our performance 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.

(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 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.

(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 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.

(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 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.

(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, such events shall be treated as a voluntary resignation under (c) above; or (B) failing to be re-elected as a director by the shareholders, such event shall be treated as other termination under (d) above.

Assignment

Except in the case of death, 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 the Share Award 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.

Amendment and Termination of Plan

The Share Award Plan and any Share Awards granted pursuant thereto may, subject to any required approval of the TSX, be amended, modified or terminated by our Board without the approval of our shareholders. Notwithstanding the foregoing, the Share Award 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 10% limit currently prescribed;

(b) extend the issue date of any Share Awards issued under the Share Award Plan beyond the latest issue date specified in the agreement pertaining to a particular Share Award (other than as permitted by the terms and conditions of the Share Award 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 the granting of Share Awards described above under "Limitations on Share Awards"; and

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

In addition, no amendment to the Share Award Plan or any 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 Share Award previously granted to such Grantee under the Share Award Plan.

Employee Stock Savings Plan

On April 1, 2009, we adopted the ESSP. The purpose of the ESSP is to make available to our permanent employees and directors a means of acquiring, through regular payroll deductions and our additional contribution, common shares so that the employee or director can benefit from the growth in our share value. All permanent employees, including executive officers and directors, are eligible to participate in the ESSP one month after the date of hire. Participation is voluntary and eligible participants may contribute, by monthly payroll deductions, up to 20% of their regular salary. From January 1, 2015 until December 1, 2015, we contributed, on a monthly basis, an amount of funds equal to one times the employee's contribution, to a maximum of 10% of the employee's regular salary

accumulated during that month, which contribution was combined with the employee's contribution to acquire common shares on the open market on a monthly basis. Due to depressed oil and natural gas prices, effective December 1, 2015, the contribution limit was reduced from a maximum of 10% of the employee's regular salary to a maximum of 5%. Our contributions vest to the respective participant immediately upon being made by our company. We have designated an independent third party brokerage firm to maintain accounts in the names of the participants and to arrange for the purchase of common shares through the facilities of the TSX. Allocations are made to each participant's account in proportion to the contributions received in common shares acquired. All common shares are registered in the name of the brokerage firm and remain so registered until delivery is requested. Participants may request that a share certificate for any or all of the common shares credited to their accounts be delivered to them at any time. Participants may instruct the brokerage firm at any time, subject to the terms and conditions of the ESSP, to sell any or all of their common shares. We pay all administration expenses in connection with the operation of the ESSP including commission on the initial acquisition of common shares. Commissions and other charges in connection with sales, withdrawals and share certificate issuing fees are payable by the participants who order the transactions for their account. If a participant ceases to be an employee for any reason, including death or retirement, the participant shall be deemed to have ceased to be a participant in the ESSP.

Share Option Plan

We have discontinued the grant of options pursuant to the Option Plan. The Option Plan will remain in place to govern the current balance of options to acquire 188,800 common shares. The Option Plan is administered by a special committee of our Board appointed from time to time by our Board to administer the Option Plan, or, if no such committee is appointed, our Board (our Board, or, if appointed, such committee is referred to as our "**Committee**"). Currently, our Compensation Committee administers the Option Plan.

The Option Plan was intended to aid our company in attracting, retaining and motivating our officers, directors, employees and other eligible service providers.

All options currently outstanding under the Option Plan expire five years from the date of the grant and vest over three years commencing one year after the date of grant subject to accelerated vesting in the case of a change of control. Options granted under the Option Plan are non-assignable. The exercise price of options granted was determined by our Committee at the time of grant and was not be less than the volume weighted average trading price of the common shares on the TSX for the five trading days immediately preceding the date of grant.

In case of death of an optionee, options terminate on the date determined by our Committee which may not be more than 12 months from the date of death and, if the optionee shall no longer be a director or officer of or be in the employ of, or a consultant or other service provider to, either our company or a subsidiary of our company (other than by reason of death or termination for cause), their options terminate on the expiry of a period not in excess of six months as determined by our Committee at the time of grant. The number of common shares that an optionee (or his or her heirs or successors) is entitled to purchase until such date of termination: (i) shall in the case of death of the optionee, be all of the common shares that may be acquired on exercise of the options held by such optionee (or his or her heirs or successors) whether or not previously vested and the vesting of all such options shall be accelerated on the date of death for such purpose; and (ii) in any case other than death or termination for cause, shall be the number of common shares which the optionee was entitled to purchase on the date the optionee ceased to be a service provider. In the case of the termination of an optionee for cause, options will terminate immediately on such termination for cause (whether notice of such termination occurs verbally or in writing).

Except if not permitted by the TSX, if any options may not be exercised due to any Black-Out Period at any time within the three business day period prior to the normal expiry date of such options (the "**Restricted Options**"), the expiry date of all Restricted Options shall be the seventh business day following the end of the Black-Out Period (or such longer period as permitted by the TSX and approved by our Committee). A "**Black-Out Period**" means the period of time when, pursuant to any or our policies, any of our securities may not be traded by certain persons as designated by our company, including any holder of an option.

An optionee may, under the terms of the Option Plan, make an offer (the "**Surrender Offer**") to our company, at any time, for the disposition and surrender by the optionee to our company (and the termination thereof) of any

options for an amount (not to exceed the fair market value thereof) specified in the Surrender Offer and our company may, but is not obligated to, accept the Surrender Offer, subject to any required regulatory approval.

In the event: (a) of any change in the common shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to shareholders to purchase common shares at prices substantially below fair market value; or (c) 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 our Committee may make such adjustments to the Option Plan, to any options and to any option agreements outstanding under the Option Plan as our Committee may, in its sole discretion, subject to TSX approval, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to optionees under the Option Plan.

If there takes place a Change of Control of our company, as defined in the Option Plan, all issued and outstanding options shall be exercisable (whether or not then vested) immediately prior to the time such Change of Control takes place and shall terminate on the 90th day after the occurrence of such Change of Control, or at such earlier time as may be established by our Committee, in its absolute discretion, prior to the time such Change of Control takes place.

Our Committee may amend or discontinue the Option Plan at any time without the consent of a holder of options, provided that such amendment shall not alter or impair any options previously granted under the Option Plan (except as otherwise permitted under the Option Plan). In addition, our Committee may, by resolution, amend the Option Plan and any options granted under it without shareholder approval provided, however, that our Committee will not be entitled to amend the Option Plan without TSX and shareholder approval to: (i) increase the maximum number of common shares issuable pursuant to the Option Plan; (ii) reduce the exercise price of an option held by an insider; or (iii) extend the term of an option held by an insider.

No financial assistance has been provided by our company to optionees to exercise share options granted under the Option Plan.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Share Award Plan and the Option Plan, which were our only equity compensation plans, as at December 31, 2015.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders			
Share Awards [1]	18,021,043 common shares [3]	Not applicable	17,005,771 common shares [4]
Share Options [2]	385,467 common shares	$2.90 per common share	Nil
Equity compensation plans not approved by securityholders	Nil	Not applicable	Nil
Total	18,406,510 common shares		17,005,771 common shares

Notes:

(1) Our shareholders approved the unallocated share awards under the Share Award Plan at the annual and special meeting of shareholders held on May 15, 2015.

(2) Our shareholders approved the Option Plan at the annual and special meeting of shareholders held on May 14, 2009. On January 9, 2012, we discontinued the grant of options pursuant to the Option Plan. The Option Plan remains in place solely to govern the options which were outstanding as at January 9, 2012.

(3) A Payout Multiplier of 1x has been assumed for the Performance Award grants. The calculated value includes the value of dividend equivalents that have accumulated on the underlying grants.

(4) Calculated as 10% of the issued and outstanding common shares as at December 31, 2015, less the then outstanding Share Awards and share options. The number of common shares issuable pursuant to the Share Award Plan does not include the dividend equivalents that will accumulate on the underlying grants and assumes a Payout Multiplier of 1x for the Performance Award grants.

DIRECTOR COMPENSATION

Our Compensation Committee annually conducts a review of directors' compensation for board and committee service and recommends changes to our Board where appropriate. Our Board considers and approves the adequacy and form of the compensation of directors upon recommendation of our Compensation Committee and ensures the compensation realistically reflects the responsibilities and time involved in being an effective director.

For the purpose of conducting its 2015 annual review of directors' compensation, our Compensation Committee, among other things, referred to various governance reports on current trends in directors' compensation and compensation data for directors of reporting issuers of comparative size to our company. The compensation philosophy for directors is similar to that for Named Executive Officers in that compensation includes a base retainer, meeting fees, and participation under the Option Plan, prior to January 9, 2012, and now the Share Award Plan, along with participation in the ESSP, the benefit of which is tied to shareholder return.

For the year ended December 31, 2015, our non-management directors were each paid an annual retainer in the amount of $18,275, except for the Lead Director of our Board and the Chairman of our Audit Committee who were paid an annual retainer in the amount of $27,413. The foregoing annual retainers reflect the reduction in the retainers by 10% effective April 1, 2015 and another 5% effective October 1, 2015 in response to depressed oil and natural gas prices. In addition, our directors were reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings and for their reasonable expenses incurred in carrying out their duties as directors. During the year ended December 31, 2015, our directors were entitled to participate in the Share Award Plan and our non-management directors were granted Restricted Awards in respect of an aggregate of 781,326 common shares during 2015. Non-management directors are entitled to participate in the ESSP whereby our company will match up to $20,000 of a non-management director's contribution to acquire common shares. In addition, as at December 31, 2015, a non-management director held options to purchase 150,000 common shares at an exercise price of $3.32 per share.

Directors' Summary Compensation Table

The following table sets forth information concerning the compensation paid to our directors, other than a director who was also a Named Executive Officer (as defined in "Statement of Executive Compensation"), for the year ended December 31, 2015.

Name	Fees earned	Share-based awards [1]	Option-based awards	Non-equity incentive plan compensation	Pension value	All other compensation [2]	Total [3]
	($)	($)	($)	($)	($)	($)	($)
R. James Brown	27,413	100,000	Nil	Nil	Nil	Nil	127,413
John A. Brussa	18,275	100,000	Nil	Nil	Nil	Nil	118,275
David M. Fitzpatrick	27,413	100,000	Nil	Nil	Nil	20,000	147,413
Thomas J. Greschner	18,275	100,000	Nil	Nil	Nil	20,000	138,275
Warren Steckley	18,275	100,000	Nil	Nil	Nil	20,000	138,275
William A. Trickett	18,275	100,000	Nil	Nil	Nil	Nil	118,275

Notes:

(1) Refers to Restricted Awards granted under the Share Award Plan. See "Statement of Executive Compensation – Incentive Plans – Share Award Incentive Plan". The fair value of the Share Awards granted is obtained by multiplying the number of Share Awards granted by the weighted average trading price of the common shares on the TSX for the five trading days prior to the date of grant. The fair value of Restricted Award grants have been determined using the same methodology and values used in determining the Restricted Award value for our financial statements as we believe it represents the best estimate of fair value of the Restricted Awards at the time of the grant.

(2) The amounts set forth in the column represent our matching contributions to the ESSP. "Statement of Executive Compensation – Incentive Plans – Employee Stock Savings Plan".

(3) In addition, our directors were eligible to be reimbursed for transportation and other expenses incurred for attendance at Board and committee meetings and for their reasonable expenses incurred in carrying out their duties as directors.

(4) Compensation information for James Saunders who was a Named Executive Officer (as defined below) in fiscal 2014 is contained in "Statement of Executive Compensation".

Directors' Outstanding Option-Based Awards and Share-Based Awards

The following table sets forth the aggregate option-based awards and share-based awards outstanding for each of our directors, other than a director who was also a Named Executive Officer, as at December 31, 2015.

	Option-based Awards				Share-based Awards		
Name	**Number of securities underlying unexercised options**	**Option exercise price**	**Option expiration date**	**Value of unexercised in-the-money options [1]**	**Number of shares or units of shares that have not vested**	**Market or payout value of share-based awards that have not vested [2]**	**Market or payout value of vested share-based awards not paid out or distributed**
	(#)	($)		($)	(#)	($)	($)
R. James Brown	Nil	N/A	Nil	Nil	208,364	18,753	Nil
John A. Brussa	150,000	3.32	April 16, 2016	Nil	208,362	18,753	5,743
David M. Fitzpatrick	Nil	N/A	Nil	Nil	208,363	18,753	5,755
Thomas J. Greschner	Nil	N/A	Nil	Nil	208,380	18,754	Nil
Warren Steckley	Nil	N/A	Nil	Nil	208,376	18,754	Nil
William A. Trickett	Nil	N/A	Nil	Nil	208,376	18,754	1,358

Notes:

(1) Calculated based on the closing price of the common shares on the TSX on December 31, 2015, which was $0.09 per share, less the exercise price of the options.

(2) Calculated based on the closing price of the common shares on the TSX on December 31, 2015, which was $0.09 per share, multiplied by the number of unvested or vested Restricted Awards, as applicable.

Directors' Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested for each of our directors, other than a director who was also a Named Executive Officer, during the year ended December 31, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015.

Name	Option-based awards – Value vested during the year (as at vesting date) [1]	Share-based awards – Value vested during the year [2]	Non-equity incentive plan compensation – Value earned during the year
	($)	($)	($)
R. James Brown	Nil	41,718	Nil
John A. Brussa	Nil	43,975	Nil
David M. Fitzpatrick	Nil	43,985	Nil
Thomas J. Greschner	Nil	39,389	Nil
Warren Steckley	Nil	39,680	Nil
William A. Trickett	Nil	43,107	Nil

Notes:

(1) Calculated based on the difference between the closing price of the common shares on the TSX on the vesting date and the exercise price of the options on the vesting date. The calculated value includes the value of dividend equivalents that accumulated on the underlying grants.

(2) Calculated based on the closing price of the common shares on the TSX on the vesting date multiplied by the number of vested Restricted Awards.

APPENDIX G

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 entitled "Disclosure of Corporate Governance Practices" ("**NI 58-101**") requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors that certain prescribed disclosure respecting corporate governance matters be included in its management information circular. The TSX also requires listed companies to provide, on an annual basis, the corporate governance disclosure which is prescribed by NI 58-101.

The prescribed corporate governance disclosure for our company is that contained in Form 58-101F1 which is attached to NI 58-101 ("**Form 58-101F1 Disclosure**").

Set out below is a description of our current corporate governance practices, relative to the Form 58-101F1 Disclosure (which is set out below in bold).

1. **Board of Directors**

(a) **Disclose the identity of directors who are independent.**

Our Board has determined that our following six (6) directors are independent (for purposes of NI 58-101):

R. James Brown
John A. Brussa
David M. Fitzpatrick
Thomas J. Greschner
Warren Steckley
William A. Trickett

(b) **Disclose the identity of directors who are not independent, and describe the basis for that determination.**

Our Board has determined that one member of our Board is not independent. Our Board has determined that James Saunders is not independent as Mr. Saunders is also our Executive Chairman.

(c) **Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the "board") does to facilitate its exercise of independent judgement in carrying out its responsibilities.**

Our Board has determined that a majority (six of seven) of our directors are independent.

(d) **If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.**

Our following nominees for directors of our company are presently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Name of Other Issuer
R. James Brown	Trinidad Drilling Ltd.
John A. Brussa	Argent Energy Ltd. (administrator of Argent Energy Trust) Baytex Energy Corp. Cardinal Energy Ltd.

Name of Director	Name of Other Issuer
	Crew Energy Inc. Just Energy Group Inc. Leucrotta Exploration Inc. RMP Energy Inc. Storm Resources Ltd. TORC Oil & Gas Ltd. Virginia Hills Oil Corp. Yoho Resources Inc.
David M. Fitzpatrick	Eagle Energy Inc. (administrator of Eagle Energy Trust)
James Saunders	RMP Energy Inc. Savanna Energy Services Corp.
Warren Steckley	Eagle Energy Inc. (administrator of Eagle Energy Trust) Strike Petroleum Ltd.

(e) **Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.**

Our independent directors regularly meet for a portion of each Board meeting without non-independent directors and management participation, and have met in camera 12 times since the beginning of the fiscal year ended December 31, 2015.

(f) **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.**

James Saunders, the Executive Chairman of our Board, is not an independent director. David M. Fitzpatrick, an independent member of our Board, has been appointed as Lead Director of our Board. Our Board has developed a position description for the Lead Director which provides that the Lead Director of our Board will have the following duties and responsibilities:

(i) The Lead Director will provide input to the Executive Chairman of our Board on preparation of agendas for meetings of our Board.

(ii) The Lead Director shall be entitled to convene meetings of our Board with the concurrence of at least one other Director.

(iii) The Lead Director, in the absence of the Executive Chairman, shall preside at meetings of our Board.

(iv) The Lead Director shall assist the Executive Chairman to endeavour to ensure Board leadership responsibilities are conducted in a manner that will ensure that our Board is able to function independently of management. The Lead Director shall consider, and allow for, when appropriate, a meeting of all independent directors, so that Board meetings can take place without management being present.

(v) The Lead Director shall endeavour to ensure reasonable procedures are in place for directors to engage outside advisors at our expense in appropriate circumstances.

(vi) With respect to meetings of directors, it is the duty of the Lead Director, when conducting a meeting, to enforce the by-laws, and rules of procedure. These duties include:

(A) ensuring that the meeting is duly constituted;
(B) ensure the meeting provides for reasonable accommodation;
(C) confirming the admissibility of all persons at the meeting;
(D) preserving order and the control of the meeting; and
(E) to ascertain the sense of the meeting by a vote on all questions properly brought before the meeting.

(vii) When required the Lead Director shall also liaise with our Corporate Secretary to ensure that a proper notice and agenda has been disseminated, and that appropriate accommodations have been made for the specific Board meeting.

(viii) The Lead Director shall be the primary contact for stakeholders who wish to contact independent directors.

(g) **Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.**

The attendance record of each of our directors for board meetings and committee meetings held since January 1, 2015, is as follows:

Name of Director	Attendance Record
R. James Brown	13/13 Board Meetings 6/6 Audit Committee Meetings 2/2 Compensation, Nominating and Corporate Governance Committee Meetings
John A. Brussa	13/13 Board Meetings 2/2 Compensation, Nominating and Corporate Governance Committee Meetings
David M. Fitzpatrick	13/13 Board Meetings 2/2 Compensation, Nominating and Corporate Governance

Name of Director	Attendance Record
	Committee Meetings
Thomas J. Greschner	13/13 Board Meetings 2/2 Reserves Committee Meetings
James Saunders	13/13 Board Meetings [(1)]
Warren Steckley	12/13 Board Meetings 6/6 Audit Committee Meetings 2/2 Reserves Committee Meetings
William A. Trickett	13/13 Board Meetings 6/6 Audit Committee Meetings 2/2 Reserves Committee Meetings

Note:
(1) Represents the number of Board meetings which Mr. Saunders has attended as a director. Mr. Saunders also attended numerous other committee meetings, in full or in part, as a management invitee.

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The mandate of our Board is attached as Schedule "A" to this Appendix G.

3. Position Descriptions

(a) **Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.**

Our Board has developed written position descriptions for the Chairman of our Board as well as the Chairman of each of our Board committees, being our Audit Committee, our Compensation, Nominating and Corporate Governance Committee and our Reserves Committee.

(b) Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and the CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.

Our Board, with input from our President and Chief Executive Officer, has developed a written position description for our President and Chief Executive Officer.

4. **Orientation and Continuing Education**

(a) **Briefly describe what measures the board takes to orient new directors regarding**:

(i) the role of the board, its committees and its directors; and

(ii) the nature and operation of the issuer's business.

Upon joining our Board, management will provide a new director with access to all of our background documents, including all corporate records, by-laws, corporate policies, organization structure, prior board and committee minutes, copies of the mandate of each of our Board and our committees, and relevant position descriptions. In addition, management will make a presentation to new directors regarding the nature and operations of our business.

(b) **Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.**

No formal continuing education program currently exists for our directors; however, we encourage our directors to attend, enrol or participate in courses and/or seminars dealing with financial literacy, corporate governance and related matters and have agreed to pay the cost of such courses and seminars. Each of our directors has the responsibility for ensuring that he maintains the skill and knowledge necessary to meet his obligations as a director. Individual directors are encouraged to identify their continuing education needs through a variety of means, including discussions with management and at Board and committee meetings.

5. **Ethical Business Conduct**

(a) **Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:**

(i) **disclose how a person or company may obtain a copy of the code**;

Our Board has adopted a Code of Business Conduct and Ethics applicable to our directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available for review on our SEDAR profile at www.sedar.com or on our website at www.twinbutteenergy.com.

(ii) **describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and**

Our Board monitors compliance with the Code of Business Conduct and Ethics by requiring each of our senior officers to affirm in writing on an annual basis their agreement to abide by the Code of Business Conduct and Ethics, as to their ethical conduct and in respect of any conflicts of interest. To the extent that our management is unable to make a determination as to whether a breach of the Code has taken place, our Board will review any alleged breach of the Code to determine whether a breach has occurred. Any waiver of the Code for executive officers or directors will be made only by our Board or a committee of our Board. In addition, our Compensation, Nominating and Corporate Governance Committee has as part of its mandate the responsibility for reviewing management's monitoring of compliance with the Code of Business Conduct and Ethics.

(iii) **provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

There have been no material change reports filed since the beginning of the year ended December 31, 2015, that pertain to any conduct of a director or executive officer that constitutes a departure from the Code of Business Conduct and Ethics.

(b) **Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to or are a director or an officer of a person who is a party to a material contract or material transaction or a proposed material contract or proposed material transaction are required to disclose the nature and extent of their interest and not to vote on any resolution to approve the contract or transaction. The Code of Business Conduct and Ethics provides that activities that could give rise to conflicts of interest are prohibited unless specifically approved in advance by our Board; provided that the foregoing shall not apply to our directors who act as directors of other public or private companies who shall comply with the provisions of the *Business Corporations Act* (Alberta) in respect thereof and shall advise the Lead Director of our Board of the holding of such directorships. The Code of Business Conduct and Ethics provides that any potential conflicts of interest must be reported immediately to senior management, our Board or the Lead Director of our Board, as appropriate.

(c) **Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.**

Our Audit Committee has adopted a "Whistleblower Program" which provides our employees, management, officers, directors, contractors, consultants and our committee members with the ability to report, on a confidential and anonymous basis, any complaints and concerns regarding accounting, internal auditing controls or auditing matters, including, but not limited to, unethical and unlawful accounting and auditing policies, practices or procedures, fraudulent or misleading financial information and instances of corporate fraud. Our Board believes that providing a forum for such individuals to raise concerns about ethical conduct and treating all complaints with the appropriate level of seriousness fosters a culture of ethical conduct within our company.

6. **Nomination of Directors**

(a) **Describe the process by which the board identifies new candidates for board nomination**.

Our Board has delegated responsibility to our Compensation, Nominating and Corporate Governance Committee to recommend to our Board suitable candidates as nominees for election or appointment as directors. The committee usually canvasses all members of our Board for their input prior to making a recommendation to our Board. In identifying new candidates for Board nomination, our committee considers, among other things:

(i) the competencies and skills that our Board considers to be necessary for our Board, as a whole, to possess;

(ii) the competencies and skills that our Board considers each existing director to possess;

(iii) the competencies and skills each new nominee will bring to the boardroom; and

(iv) whether or not each new nominee can devote sufficient time and resources to his duties as a member of our Board.

(b) **Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee whose members are John A. Brussa (Chairman), R. James Brown and David M. Fitzpatrick, each of whom has been determined to be independent.

(c) **If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.**

Our Compensation, Nominating and Corporate Governance Committee has, as part of its mandate, the responsibility for recommending suitable candidates as nominees for election or appointment as directors, and recommending the criteria governing the overall composition of our Board and governing the desirable individual characteristics for directors.

Pursuant to the mandate of our Compensation, Nominating and Corporate Governance Committee, the committee is to be comprised of at least three (3) of our directors and all of such members shall be independent. Our Board is from time to time to designate one of the members of the committee to be the Chair of the committee. At present, the Chairman of our Compensation, Nominating and Corporate Governance Committee is John A. Brussa.

Our Compensation, Nominating and Corporate Governance Committee meets at least one time per year and at such other times as the Chairman of the committee determines.

7. **Compensation**

(a) **Describe the process by which the board determines the compensation for the issuer's directors and officers**.

See the disclosure in Appendix F – *Statement of Executive Compensation in the Form of 51-102F6*, under the heading "*Director Compensation*" for the process by which the compensation for our directors is determined. See the disclosure under the heading "Compensation Discussion and Analysis" for the process by which the compensation for our officers is determined.

(b) **Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.**

Our Board has appointed a Compensation, Nominating and Corporate Governance Committee whose members are John A. Brussa (Chairman), R. James Brown and David M. Fitzpatrick, each of whom has been determined to be independent.

(c) **If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.**

See the disclosure under the heading "Compensation Governance – Mandate and Terms of Reference of our Compensation Committee" for a description of the responsibilities, powers and operation of our compensation committee.

(d) **If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.**

A compensation consultant or advisor has not, at any time since the beginning of the year ended December 31, 2015, been retained to assist in determining compensation for any of our directors and officers.

8. Other Board Committees

(a) If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Our Board has created a Reserves Committee in addition to the Audit Committee and the Compensation, Nominating and Corporate Governance Committee. The members of our Reserves Committee are Warren Steckley (Chairman), Thomas J. Greschner and William A. Trickett. Our Reserves Committee is responsible for:

(i) reviewing our procedures relating to the disclosure of information with respect to oil and gas activities including reviewing our procedures for complying with our disclosure requirements and restrictions set forth under applicable securities requirements;

(ii) reviewing our procedures for providing information to the independent evaluator;

(iii) meeting, as considered necessary, with management and the independent evaluator to determine whether any restrictions placed by management affect the ability of the evaluator to report without reservation on the Reserves Data (as defined in National Instrument 51-101) (the "**Reserves Data**") and to review the Reserves Data and the report of the independent evaluator thereon (if such report is provided);

(iv) reviewing the appointment of the independent evaluator and, in the case of any proposed change to such independent evaluator, determining the reason therefor and whether there have been any disputes with management;

(v) providing a recommendation to our Board as to whether to approve the content or filing of the statement of the Reserves Data and other any information that may be prescribed by applicable securities requirements including any reports of the independent engineer and of management in connection therewith;

(vi) reviewing our procedures for reporting other information associated with oil and gas producing activities; and

(vii) generally reviewing all matters relating to the preparation and public disclosure of estimates of our reserves.

Pursuant to the mandate of the Reserves Committee, the committee is to be comprised of at least three (3) of our directors and a majority of such members shall be independent as defined in the mandate. Our Board is from time to time to designate one of the members of the committee to be the Chair of the committee. At present, the Chairman of our Reserves Committee is Warren Steckley. Our Reserves Committee meets at least one time per year and at such other times as the Chairman of the committee determines.

Our Board has created a Compensation, Nominating and Corporate Governance Committee which, as part of its mandate, has the responsibility for developing our approach to matters concerning corporate governance and, from time to time, shall review and make recommendations to our Board as to such matters. Without the limiting the generality of the foregoing, our Compensation, Nominating and Corporate Governance Committee has the following corporate governance duties:

(i) to annually review the mandates of our Board and its committees and recommend to our Board such amendments to those mandates as the committee believes are necessary or desirable;

(ii) to consider and, if thought fit, approve requests from directors or committees of directors of the engagement of special advisors from time to time;

(iii) to prepare and recommend to our Board annually a statement of corporate governance practices to be included in our annual report or information circular as required by all of the stock exchanges on which our shares are listed and any other regulatory authority;

(iv) to make recommendations to our Board as to which directors should be classified as "independent directors", "related" directors or "unrelated" directors pursuant to any such report or circular;

(v) to review on a periodic basis the composition of our Board and ensure that an appropriate number of independent directors sit on our Board, analyzing the needs of our Board and recommending nominees who meet such needs;

(vi) to assess, at least annually, the effectiveness of our Board as a whole, the committees of our Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to our Board), including considering the appropriate size of our Board;

(vii) to act as a forum for concerns of individual directors in respect of matters that are not readily or easily discussed in a full Board meeting, including the performance of management or individual members of management or the performance of our Board or individual members of our Board;

(viii) to develop and recommend to our Board for approval and periodically review structures and procedures designed to ensure that our Board can function effectively and independently of management;

(ix) to make recommendations to our Board regarding appointments of corporate officers and senior management;

(x) to review annually the committee's mandate and terms of reference;

(xi) to review and consider the engagement, at our expense, of professional and other advisors by any individual director when so requested by any such director;

(xii) to establish, review and update periodically a code of business conduct and ethics and ensure that management has established a system to monitor compliance with the code; and

(xiii) to review management's monitoring of our compliance with the code of business conduct and ethics.

9. **Assessments**

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

As part of its mandate our Compensation, Nominating and Corporate Governance Committee is responsible for assessing, at least annually, the effectiveness of our Board as a whole, the committees of our Board and the contribution of individual directors (including the competencies and skills that each individual director is expected to bring to our Board), including considering the appropriate size of our Board. The Chairman of our Compensation, Nominating and Corporate Governance Committee circulates a detailed questionnaire addressed to each director, in his capacity as director and, as the case may be, as a member of one or more of the committees of our Board, aimed at obtaining their views on the effectiveness of our Board and its committees and contribution of its members. The results of the questionnaires are compiled by the Chairman of our Compensation, Nominating and Corporate Governance Committee, who then shares the results with the members of our Board at a meeting of our Board where any and all issues are discussed. Our Board takes appropriate action based upon the results of the review process.

10. Director Term Limits and Other Mechanisms of Board Renewal

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

Our Board has not adopted term limits for the directors on our Board. Our Board does not believe that fixed term limits are in the best interest of our company as our Board believes that it is critical that our directors understand our industries and our business and this requires a certain length of tenure on our Board. Long-term directors accumulate extensive company knowledge while new directors bring new experience and perspectives to our Board. It is important to achieve an appropriate balance of both to ensure the effectiveness of our Board. Our Compensation, Nominating and Corporate Governance Committee considers both the term of service of individual directors, the average term of our Board as a whole and turnover of directors over prior three years when proposing a slate of nominees. Our Compensation, Nominating and Corporate Governance Committee considers the benefits of regular renewal in the context of the needs of our Board at the time and the benefits of the institutional knowledge of our Board members. Our Board has adopted a Board Diversity and Term Limit Policy in which the foregoing is set forth. A copy of our Board Diversity and Term Limit Policy is available on our website at www.twinbutteenergy.com.

11. **Policies Regarding the Representation of Women on the Board**

(a) **Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.**

Our Board has not adopted a written policy relating to the identification and nomination of women directors. Our Board believes that Board nominations should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of our Board at the time. Our company is committed to a meritocracy and believes that considering a broad group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve the business objectives of our company, without reference to their age, gender, race, ethnicity or religion, is in the best interests of our company and all of our stakeholders. Our Board recognizes benefits of diversity within our Board but will not compromise the principles of a meritocracy by imposing quotas or targets. Our Board has adopted a Board Diversity and Term Limit Policy in which the foregoing is set forth.

Our Compensation, Nominating and Corporate Governance Committee has established a "skills matrix" outlining the skills and experience which they believe are required by the members of our Board. This skills matrix will be reviewed annually by our Committee and updated as necessary. Our Committee will also annually review the skills and experience of the current directors of our company. Our Committee will also assess the knowledge of all nominees to our Board to ensure general compliance of the composition of our Board with the skills matrix, ensure that an

appropriate number of independent directors sit on our Board, analyze any needs of our Board and recommend potential nominees who meet such needs of our Board. Our Committee is authorized under its mandate and terms of reference to retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities.

(b) **If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:**

(i) a short summary of its objectives and key provisions,

(ii) the measures taken to ensure that the policy has been effectively implemented,

(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and

(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

Not applicable.

12. Consideration of the Representation of Women in the Director Identification and Selection Process

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

See the response to 11(a) above.

13. Consideration Given to the Representation of Women in Executive Officer Appointments

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

See the response to 11(a) above which our Board believes equally applies to executive officer positions with our company.

14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions

(a) **Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so. For purposes of this Item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.**

See the response to 11(a) above.

(b) **Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.**

See the response to 11(a) above which our Board believes equally applies to executive officer positions with our company.

(c) **If the issuer has adopted a target referred to in either (b) or (c), disclose:**

(i) the target, and

(ii) the annual and cumulative progress of the issuer in achieving the target.

Not applicable.

15. Number of Women on the Board and in Executive Officer Positions

(a) **Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.**

None of our company's directors are women.

(b) **Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.**

None of our company's executive officers are women.

SCHEDULE "A" TO APPENDIX "G"

MANDATE OF THE BOARD OF DIRECTORS

GENERAL

The Board of Directors (the "**Board**") of Twin Butte Energy Ltd. ("**Twin Butte**" or the "**Corporation**") is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Twin Butte. In general terms, the Board will:

- in consultation with the Chief Executive Officer of the Corporation (the "**CEO**"), define the principal objectives of Twin Butte;
- oversee the management of the business and affairs of Twin Butte with the goal of achieving Twin Butte's principal objectives as developed in association with the CEO;
- discharge the duties imposed on the Board by applicable laws; and
- for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

SPECIFIC

Executive Team Responsibility

- Appoint the CEO and senior officers, approve their compensation, and monitor the CEO's performance against a set of mutually agreed corporate objectives directed at maximizing shareholder value.
- In conjunction with the CEO, develop a clear mandate for the CEO, which includes a delineation of management's responsibilities.
- Ensure that a process is established as required that adequately provides for succession planning, including the appointing, training and monitoring of senior management.
- Establish limits of authority delegated to management.

Operational Effectiveness and Financial Reporting

- Annual review and adoption of a strategic planning process and approval of the corporate strategic plan, which takes into account, among other things, the opportunities and risks of the business.
- Establish or cause to be established systems to identify the principal risks to the Corporation and that the best practical procedures are in place to monitor and mitigate the risks.
- Establish or cause to be established processes to address applicable regulatory, corporate, securities and other compliance matters.
- Establish or cause to be established policies pertaining to environment, health and safety and ascertain that policies and procedures are in place to minimize environmental, occupational health and safety and other risks to asset value and mitigate damage to or deterioration of asset value.
- Establish or cause to be established an adequate system of internal controls.

- Establish or cause to be established due diligence processes and appropriate controls with respect to applicable certification requirements regarding the Corporation's financial and other disclosure.

- Review and approve the Corporation's financial statements and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.

- Approve annual operating and capital budgets.

- Approve the dividend policy.

- Review and consider for approval all amendments or departures proposed by management from established strategy, capital and operating budgets.

- Review operating and financial performance results relative to established strategy, budgets and objectives.

Integrity/Corporate Conduct

- Establish a communications policy or policies to ensure that a system for corporate communications to all stakeholders exists, including processes for consistent, transparent, regular and timely public disclosure, and to facilitate feedback from stakeholders.

- Approve a Code of Business Conduct and Ethics for directors, officers and employees and monitor compliance with the Code and consider the approval of any waivers of the Code for officers and directors.

- To the extent feasible, satisfy itself as to the integrity of the CEO and other executive officers of the Corporation and that the CEO and other executive officers create a culture of integrity throughout the Corporation.

Board Process/Effectiveness

- Attempt to ensure that Board materials are distributed to directors in advance of regularly scheduled meetings to allow for sufficient review of the materials prior to the meeting. Directors are expected to attend all meetings and review Board materials prior to meetings.

- Engage in the process of determining Board member qualifications with the Compensation, Nominating and Corporate Governance Committee including ensuring that a majority of directors qualify as independent directors pursuant to National Instrument 58-101 – Disclosure of Corporate Governance Practices (as implemented by the Canadian Securities Administrators and as amended from time to time) and that the appropriate number of independent directors are on each committee of the Board as required under applicable securities rules and requirements.

- Approve the nomination of directors.

- Provide a comprehensive orientation to each new director and provide continuing education as required.

- Establish an appropriate system of corporate governance including practices to ensure the Board functions independently of management.

- Develop a clear position description for the Executive Chairman of the Board.

- Develop a clear position description for the Lead Director of the Board.

- Establish appropriate practices for the regular evaluation of the effectiveness of the Board, its committees and its members.

- Establish committees, approve their respective mandates and the limits of authority delegated to each committee and develop clear position descriptions for the Chair of each committee.

- Review and re-assess the adequacy of the mandate of the committees of the Board on a regular basis, but not less frequently than on an annual basis.

- Review the adequacy and form of the directors' compensation to ensure it realistically reflects the responsibilities and risks involved in being a director.

Each member of the Board is expected to understand the nature and operations of the Corporation's business, and have an awareness of the political, economic and social trends prevailing in all countries or regions in which the Corporation operates, or is contemplating potential operations.

Independent directors shall meet regularly, and in no case less frequently than quarterly, without non-independent directors and management participation.

The Board may retain persons having special expertise and may obtain independent professional advice to assist it in fulfilling its responsibilities at the expense of the Corporation, as determined by the Board.

In addition to the above, adherence to all other Board responsibilities as set forth in the Corporation's By-Laws, applicable policies and practices and other statutory and regulatory obligations, such as issuance of securities, etc., is expected.

DELEGATION

- The Board may delegate its duties to, and receive reports and recommendations from, any committee of the Board.

- Subject to terms of the Disclosure, Confidentiality and Trading Policy and other policies and procedures of the Corporation, the Lead Director of the Board will act as a liaison between stakeholders of the Corporation and the Board (including independent members of the Board).

QUESTIONS OR REQUESTS FOR VOTING ASSISTANCE MAY BE DIRECTED TO THE PROXY SOLICITOR:

NORTH AMERICAN TOLL FREE:
1-877-452-7184

COLLECT CALLS OUTSIDE NORTH AMERICA:
1-416-304-0211

EMAIL: ASSISTANCE@LAURELHILL.COM