

TWIN BUTTE ENERGY LTD.

RESERVES COMMITTEE CHARTER AND TERMS OF REFERENCE FOR RESERVES COMMITTEE CHAIR

Introduction

Twin Butte Energy Ltd. (the "Corporation") is an Alberta based junior oil and gas exploration and development company. The Board of Directors of the Corporation (the "Board") has the responsibility for the overall stewardship of the conduct of the business of the Corporation and its subsidiaries and the activities of management of the Corporation, which is responsible for the day-to-day conduct of the business.

Purpose

The Reserves Committee (the "Committee") is a committee of the Board of Directors appointed to assist the Board in monitoring (1) the integrity of the oil and gas reserves of the Company, (2) compliance by the Company with legal and regulatory requirements related to reserves, (3) qualifications, independence and performance of the Company's independent Reserve evaluators, and (4) performance of the Company's procedures for providing information to the independent Reserve evaluators. The Committee's annual report is included in the annual management information circular.

The Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Company, its Reserve evaluators and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Committee has the authority to independently retain special legal, engineering, or other consultants to advise it, and may request any officer or employee of the Company, its independent legal counsel or independent Reserve evaluators to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee also has the power to create specific sub-committees with all of the investigative powers described above.

The Company's independent Reserve evaluators are ultimately accountable to the Board of Directors and to the Committee; as representatives of the Company's shareholders, have the ultimate authority and responsibility to evaluate the independent Reserve evaluators, and to select the independent Reserve evaluators on an annual basis (as a minimum) or as required. In the course of fulfilling its specific responsibilities hereunder, the Committee must maintain free and open communication between the Company's independent Reserve evaluators, Board of Directors and Company management. The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board of Directors.

While the Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Committee to plan or conduct Reserve evaluations or to determine that the Company's Reserve statements are complete, accurate, and in accordance with generally accepted engineering principles. This is the responsibility of management and the independent Reserve evaluators. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent Reserve evaluators (other than disagreements regarding reserve reporting), or to assure compliance with laws and regulations.

Membership

The membership of the Committee will be as follows:

- (a) The Committee will consist of a minimum of three independent members of the Board of Directors, appointed annually, all of whom are affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Company's annual circular.
- (b) The Board will elect, by a majority vote, one member as chairperson.
- (c) Independent members of the Committee may not, other than in his or her capacity as a member of the Committee, the Board of Directors, or any other Board committee, accept any consulting, advisory, or

other compensatory fee from the Company, and may not be an affiliated person of the Company or any subsidiary thereof.

Responsibilities

The responsibilities of the Committee shall be as follows:

1. Frequency of Meetings

- (a) Meet annually or as often as may be deemed necessary or appropriate in its judgment, either in person or telephonically.
- (b) Meet with the independent Reserve evaluators at least annually, either in person or telephonically.

2. Reporting Responsibilities

- (a) Provide to the Board of Directors proper Committee minutes.
- (b) Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
- (c) Provide a report of Management and Directors on Oil and Gas Disclosure for the Company's Annual Information Circular as prescribed in Form 51-101F3 of National Instrument 51-101 (or as amended).

3. Charter Evaluation

- (a) Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

4. Independent Reserve evaluators

- (a) Annually engage the independent Reserve evaluators.
- (b) Evaluate the performance of the independent Reserve evaluators.

5. Independence Test

- (a) Take reasonable steps to confirm the independence of the independent Reserve evaluators, which shall include:
 - (i) insuring receipt from the independent Reserve evaluators of a formal written statement delineating all relationships between the independent Reserve evaluators and the Company, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
 - (ii) considering and discussing with the independent Reserve evaluators any relationships or services, including non-Reserves services, that may impact the objectivity and independence of the independent Reserve evaluators; and
 - (iii) as necessary, taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the independent Reserve evaluators.

6. Committee Meetings

- (a) The Committee may request the presence of the independent Reserve evaluators at any Committee meeting.

- (b) At the request of the independent Reserve evaluators, convene a meeting of the Committee to consider matters the Reserve evaluators believes should be brought to the attention of the directors or shareholders.
- (c) Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

7. Restrictions

- (a) Insure no restrictions are placed by management on the scope of the Reserve evaluators' review and examination of the Company's information.
- (b) Insure that no Officer, Director or Employee attempts to fraudulently influence, coerce, manipulate or mislead any evaluator engaged in the preparation of the Company's oil and gas reserve statements.

Reserves And Review Process And Results

1. Scope

- (a) Consider, in consultation with the independent Reserve evaluators, the Reserves scope and plan of the independent Reserve evaluators.

2. Review Process and Results

- (a) Consider and review with the independent Reserve evaluators the matters required to be discussed pursuant to National Instrument NI51-101, as may be modified or supplemented from time to time.
- (b) Review and discuss with management and the independent Reserve evaluators at the completion of the annual examination:
 - (i) the Company's Reserves and related notes;
 - (ii) the Company's MD&A and news releases related to the Company's Reserves;
 - (iii) the independent Reserve evaluator's evaluation and reports thereon;
 - (iv) any significant changes required in the independent Reserve evaluator's evaluation plan; and
 - (v) any serious difficulties or disputes with management encountered during the course of the Reserves evaluation.
- (c) Provide a report of Management and Directors on Oil and Gas Disclosure for the Company's Annual Information Circular as prescribed in Form 51-101F3 of National Instrument 51-101 (or as amended).
- (d) Review, discuss with management and approve annual reserve statements prior to public disclosure.
- (e) Meet separately with the independent Reserve evaluators and management, as necessary or appropriate, to discuss any matters that the Committee or any of these groups believe should be discussed privately with the Committee.
- (f) Review with management and the independent Reserve evaluators any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's reserves.

Securities Regulatory Filings

Review filings with the Canadian provincial securities commissions and the SEC and other published documents containing the Company's reserve statements.

Amendments To Reserves Committee Charter

Annually review this Charter and propose amendments to be ratified by a simple majority of the Board of Directors.

TERMS OF REFERENCE FOR RESERVES COMMITTEE CHAIR

Introduction

The Chair is appointed annually by the Board and reports to the Board. The Chair's primary role is managing the affairs of the Committee, including ensuring the Committee is organized properly, functions effectively and meets its obligations and responsibilities, including those matters set forth in the mandate of the Committee. The Chair works with the Chief Operating Officer of the Corporation to ensure an effective working relationship with Committee members. The Chair maintains on-going communications with the Chief Operating Officer and with such other officers and employees of the Corporation as the Chair determines appropriate. The Chair, in conjunction with the Committee, maintains ongoing communications with the Corporation's independent petroleum consultants.

Duties And Responsibilities

1. Working With the Corporation's Independent Petroleum Consultants

The Chair has the responsibility to:

- (a) lead the Committee in overseeing the work of the Corporation's Reserves Data management team and the Corporation's independent petroleum consultants;
- (b) lead the Committee in overseeing the integrity of the Corporation's Reserves Data and Reserves Data reporting process, including the Corporation's internal Reserves Data preparation controls and procedures, the preparation of the report prepared by the Corporation's independent petroleum consultants in respect of the Corporation's Reserves Data, and compliance with related legal and regulatory requirements, including NI 51 101; and
- (c) report to the Board after each Committee meeting at the Board's next meeting.

2. Managing the Committee

The Chair has the responsibility to:

- (a) ensure the Committee is alert to its obligations to the Board and pursuant to law;
- (b) chair Committee meetings;
- (c) establish the frequency of Committee meetings and review such frequency from time to time, as considered appropriate (provided, however, that Committee meetings may be called by the Chair at any time or at the request of two members of the Committee);
- (d) assist the Board in its recommendation of Committee members and its review of the performance and suitability of the Committee members;
- (e) ensure the co-ordination of the agenda, information packages and related events for Committee meetings in conjunction with the Chief Operating Officer;
- (f) maintain a liaison and communication with Committee members, other directors and the Board Chairperson to co ordinate input from Committee members and directors, and optimize the effectiveness of the Committee;
- (g) in collaboration with the Chief Operating Officer, ensure information requested by Committee members is provided and meets their needs; and
- (h) in conjunction with the Board (or a committee of the Board to which responsibility in respect thereof may be delegated), review and assess Committee attendance, performance and compensation and the size and composition of the Committee.