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Twin Butte Energy Ltd.

Q2 2012

“Sustainable Income with Moderate Oil
Growth”

Corporate Snapshot

• Basic shares	192.1MM
• FD	197.0 MM
• Insiders own - Basic / FD	5.2 / 6.2%
• Share price	\$2.60
• Market cap	\$ 500 MM
• Enterprise value ⁽¹⁾	\$ 626 MM
• Current production (<i>boe/d</i>)	13,900
• \$ EV/boe/d	45,020
• Annual dividend / yield	\$0.18 / 6.9%
• Tax pools	~ \$545 MM

(1) Net debt March 31, 2012 of
\$126.5MM



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Twin Butte Attributes

- Oil leveraged with oil and NGLs comprising 82% of production and 65% of reserves
- 13,900 boe/d (73% heavy oil, 9% light oil & NGL's and 18% natural gas)
- P+P RLI of 9.6 years; 7.8 years on liquids
- Strong hedging position providing excellent cash flow support
- Balance sheet strength with \$126MM net debt on \$205MM bank line
- Tax pools of approximately \$545 million
- Low risk, high IRR, heavy oil inventory of over 500 net wells provide over 4 years of high capital efficiency drilling inventory
- Light oil inventory of 115 wells, and 280 gas well inventory
- Net undeveloped lands of 220,000 acres



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Corporate Strategy

- Provide shareholders with long term total returns comprised of both income and moderate growth
- Conservative payout ratio allocates sufficient capital to moderately grow production
- Disciplined partial cash flow dividend model encourages efficiencies and returns
- Conduct low risk drilling and recompletion activities on oil; let natural gas volumes decline
- Active hedging strategy to protect cash flow for dividend and capital program
- Monetize undeveloped land base through farmout or sale
- Acquire additional long life, reasonable netback, oil assets
- Maintain a conservative financial structure
 - Maintain <1.5 x debt to cash flow
 - Targeting an all-in payout ratio of ~ 100% (34% - dividends, 66% -capital expenditures)
 - Tax pools of ~ \$545 million are expected to extend tax horizon to beyond 2014



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Q1 – 2012 Highlights / Goals

- Closed \$201 million strategic acquisition of Emerge Oil & Gas
- Implemented a \$0.18 annual dividend (\$0.015/month)
- Q1 production increased 74% from 2011 to 13,228 boe/d
- Q1 liquids weighting increased to 80% from 56% in 2011
- Q1 funds flow increased 106% from 2011 to \$26.4 million
- Drilled 32 gross (21.7 net) wells with a 100% success rate
- Continue disciplined low risk high capital efficiency program of 90 net heavy oil wells for 2012
- Continue to build inventory and enhance corporate quality, through organic drilling and strategic acquisitions
- Completed a \$14.0MM, 320 b/d heavy oil acquisition in April 2012



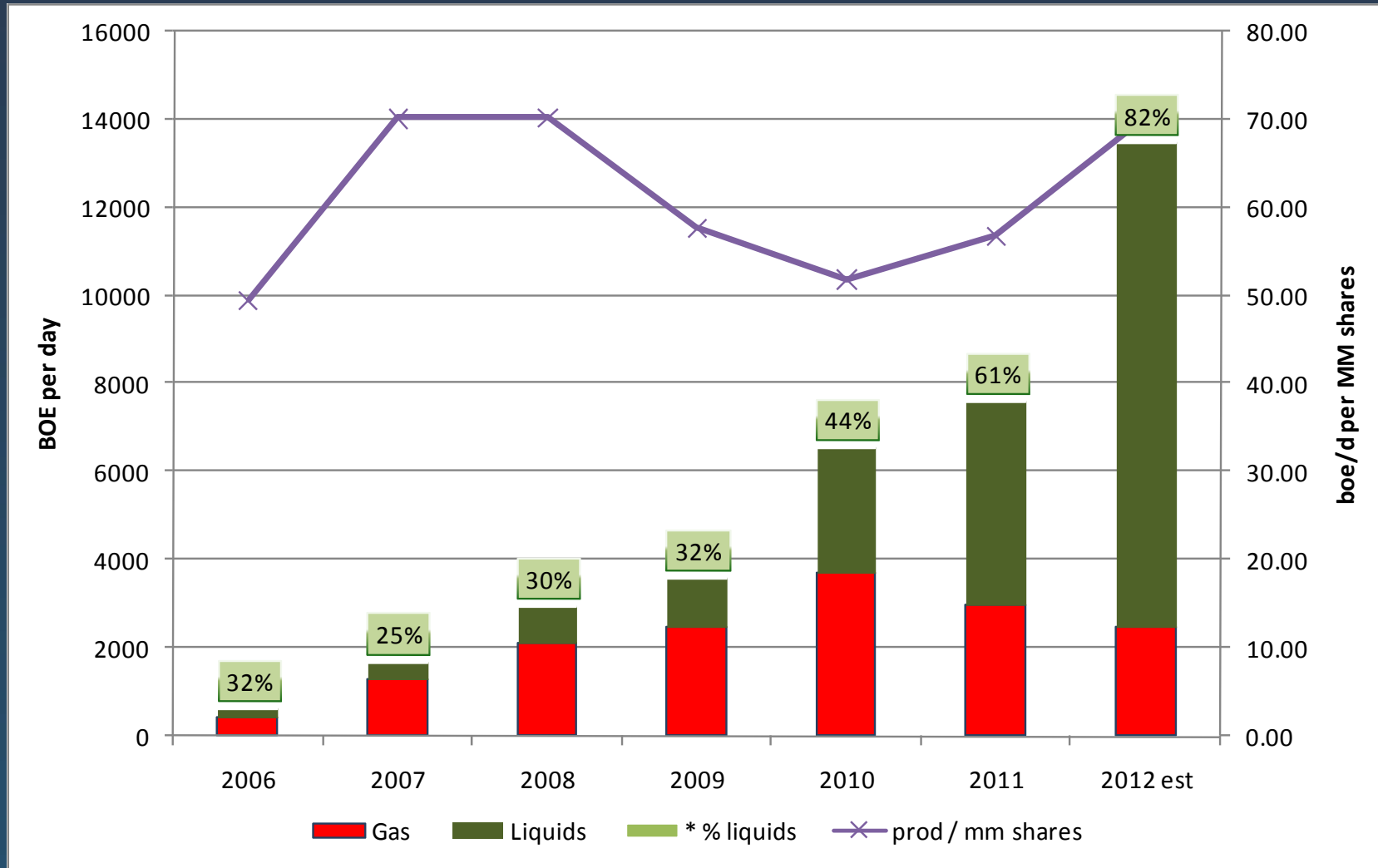
Financial Performance

	2010	2011	Q1 2012	Pro-forma 2012
<i>Production boe/d</i>	6,571	7,615	13,228	13,700
% liquids production	44.1	61.3	80	82.0
<i>Capital Expenditures (net \$MM)</i>	55.2	57.4	8.0	66.0
Dividend (\$MM)	-	-	8.6	34.5
Cash Flow * (\$MM)	40.9	61.3	26.4	115.0
Cash Flow per share	\$0.32	\$0.45	\$0.14	\$0.60
Net Debt (\$MM)	96.0	77.2/136.3**	126.5	121.3
Payout ratio %	-	-	63	87
** proforma Emerge debt of 59.1MM				
* 2012 pricing - \$US 90 WTI, AECO \$2.25/gj				
Fx 1.0, 18% Differential, \$64 Heavy Oil wellhead				

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Consistent Production Growth



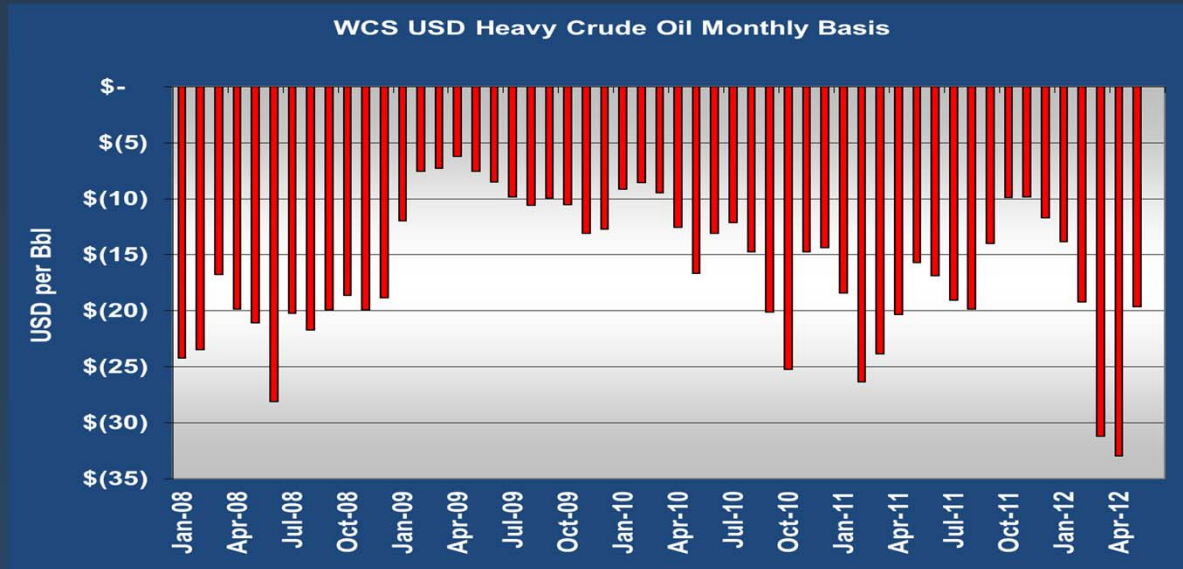
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Capital Efficiency Means Everything

- Low cost and high capital efficiency allows for moderate production growth by spending approximately 57% of cash flow
- 2011 exit production of 13,400 boe/d
- Base decline of 27% provides annual decline of 3,620 boe/d
- Capital spending of \$66 million at \$16,000 per boe/d adds 4,125 boe/d
- 2012 exit production of 13,900 boe/d; 2012 average 13,700 boe/d
- Capital efficiency of <\$13,000 per boe/d to May 1st including acquisition



Heavy Oil Differential



- High heavy oil IRRs of 200% and short payout period of 0.8 years have benefited from the structural shift to lower quality differentials from;

- Increased refining capacity
- Declining heavy oil production from Venezuela and Mexico

* WCS is the grade of oil best correlated to our heavy oil sales and our wellhead price is approximately \$10 off of WCS to account for blending costs.



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Active Hedging Strategy

<i>Period</i>	<i>Daily Volume</i>	<i>Type</i>	<i>Average Price (swap)</i>	<i>% of forecast production</i>
<i>GAS</i>	<i>Gj/d</i>		<i>\$/Gj</i>	
Calendar 2012	12,000	Fixed AECO	\$4.21	84% for 2012
<i>OIL</i>	<i>b/d</i>		<i>\$/b</i>	
Q2 2012	4,925	WCS	\$84.31	48% of Q2 heavy bbls
Q2 2012	1,375	WTI	\$101.03	55% for Q2 2012
Q3 2012	7,050	WCS	\$82.14	69% of Q3 heavy bbls
Q4 2012	2,000	WCS	\$81.69	20% of Q4 heavy bbls
Q4 2012	4,300	WTI	\$100.77	55% of Q4 oil bbls
2013	1,000	WCS	\$80.01	10% of 2013 heavy
2013	500	WTI	\$97.50	13% of 2013 oil bbls
Calendar 2012 / 2013	1,000 /2,000	Call	\$US100.00 / \$US110.00	



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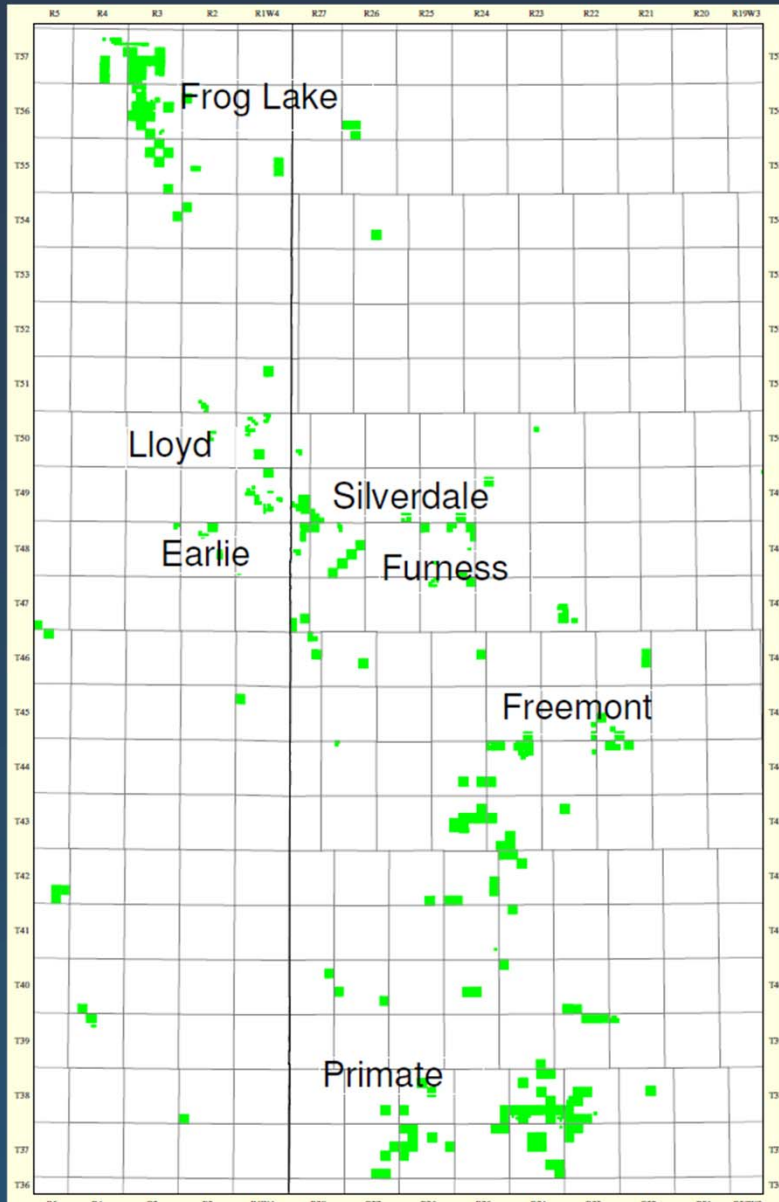
Heavy Oil – Top Decile Well Economics

- Average well cost - \$515,000
- Average stabilized production of 45 boe/d - (\$11,500/boed)
- Average reserves per well of 53 mboe's - (\$9.72/boe)
- Estimated per well IRR of 200+% with short payout period of 0.8 years

WTI (US\$)	\$70.00	\$80.00	\$90.00	\$100.00
Wellhead (C \$)	\$46.00	\$54.00	\$62.00	\$70.00
Royalty	\$10.12	\$11.88	\$13.64	\$15.40
Operating Cost	\$17.00	\$17.00	\$17.00	\$17.00
Netback	\$18.88	\$25.12	\$31.36	\$37.60
Recycle Ratio	1.9	2.6	3.2	3.9



Lloydminster Heavy Oil Fairway

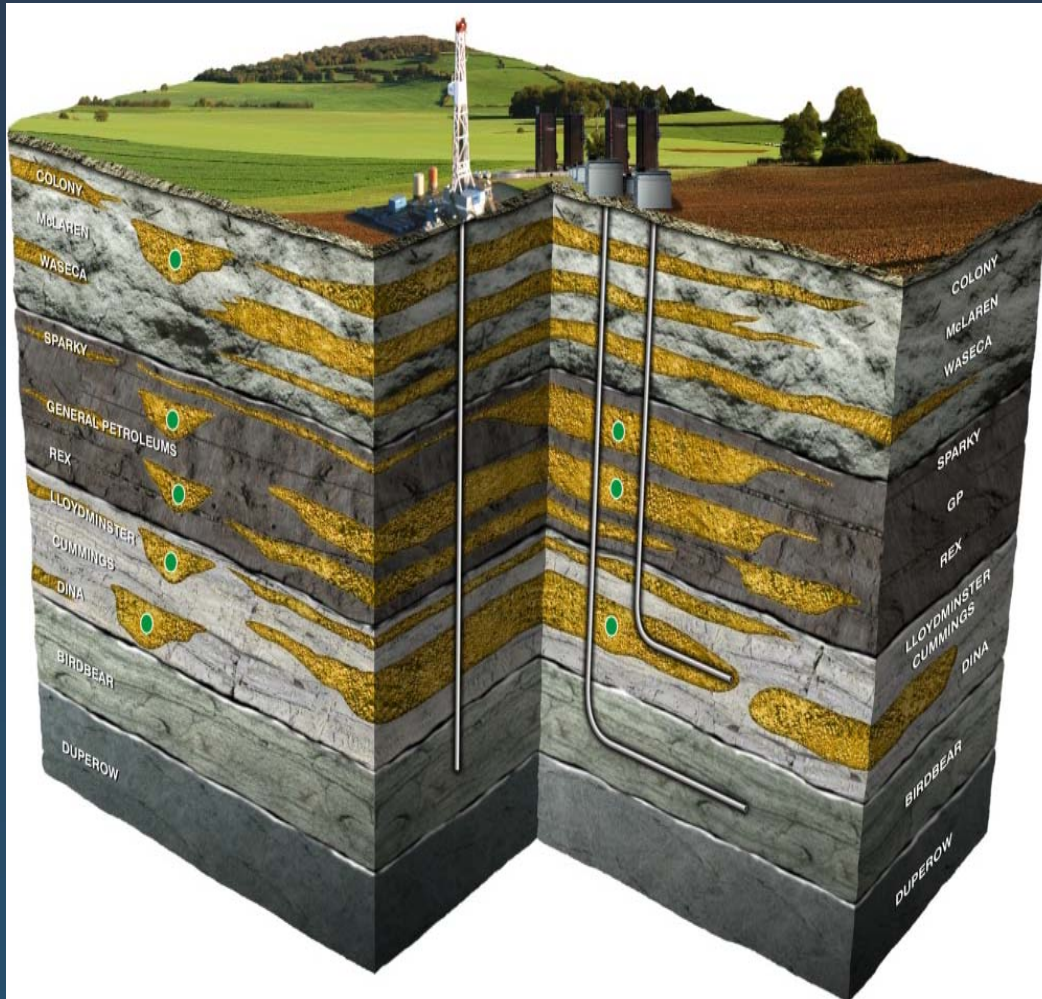


- Current heavy oil production of 10,200 b/d
- 500+ net heavy oil drilling location inventory
- 1,500MM barrels OOIP under TBE lands with 3% RF
- Mid term potential for recovery enhancement through EOR
- Focused and concentrated asset base with year round access



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Heavy Oil Resource Play - multi zone potential



Area

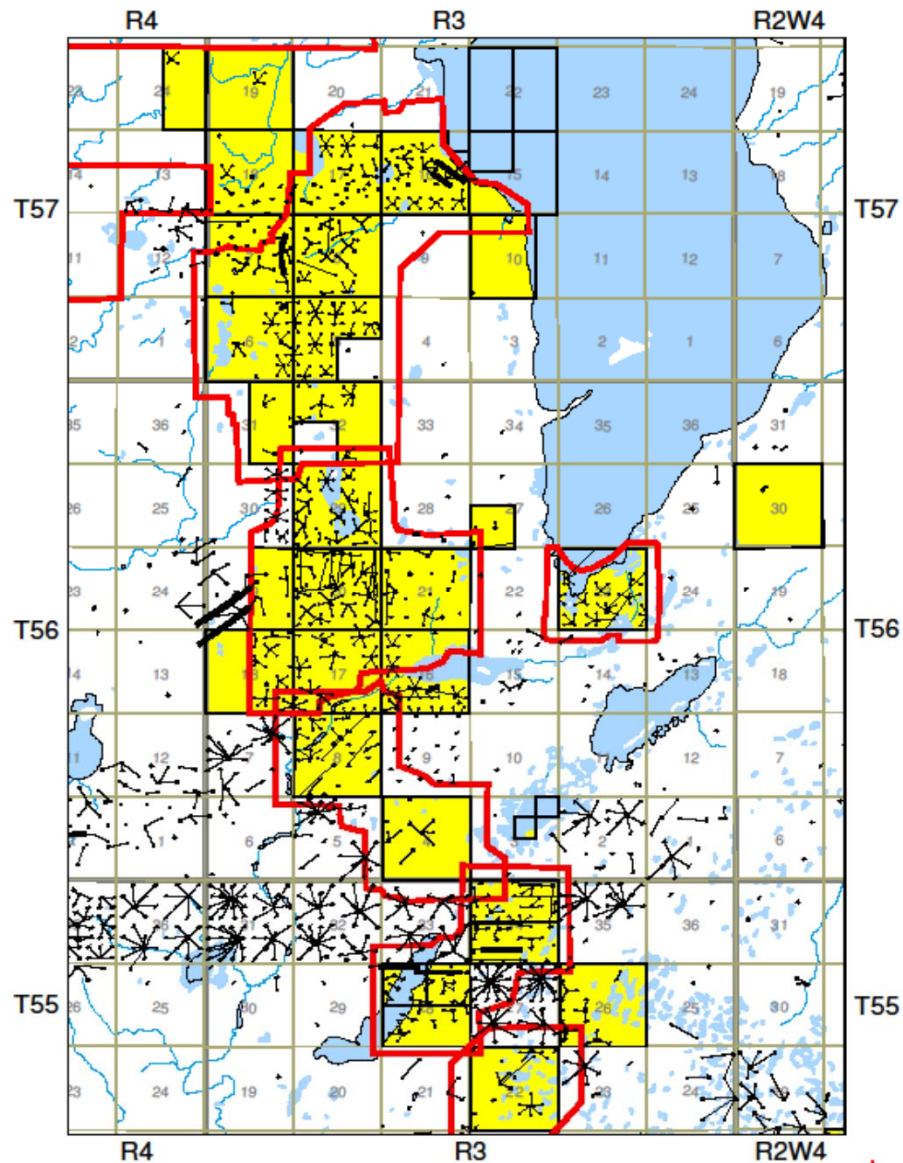
Productive zones

Frog Lake -	McLaren, Sparky, GP, Rex
Earlie -	McLaren, Lloyd
Silverdale -	McLaren, Sparky, GP
Furness -	Colony, Sparky, GP
Epping -	McLaren, Sparky
Freemont -	Colony, Waseca, Sparky
Primate -	McLaren, Waseca



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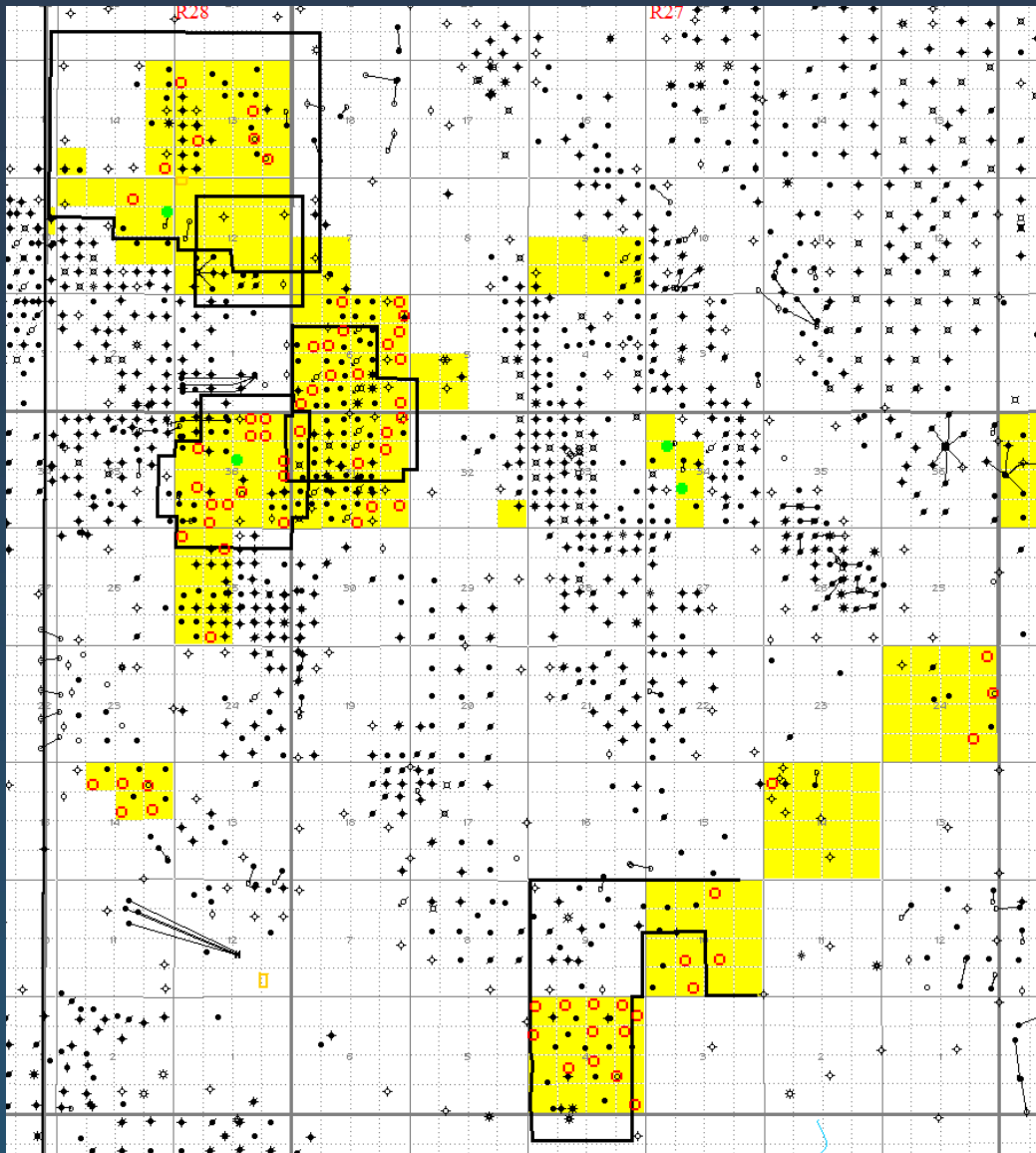
Frog Lake



- >3,800 boe/d – 14° API oil
- Conventional cold pumping operation
- Operate 27 sections (50% WI) on the Frog Lake First Nation; plus 10 adjacent 100% WI crown sections
- Recent 4 section farm-in will add inventory
- Identified 250 net drilling locations
- Repeatable, profitable, low risk development drilling
- 250+ successful wells drilled in past two years



Greater Silverdale

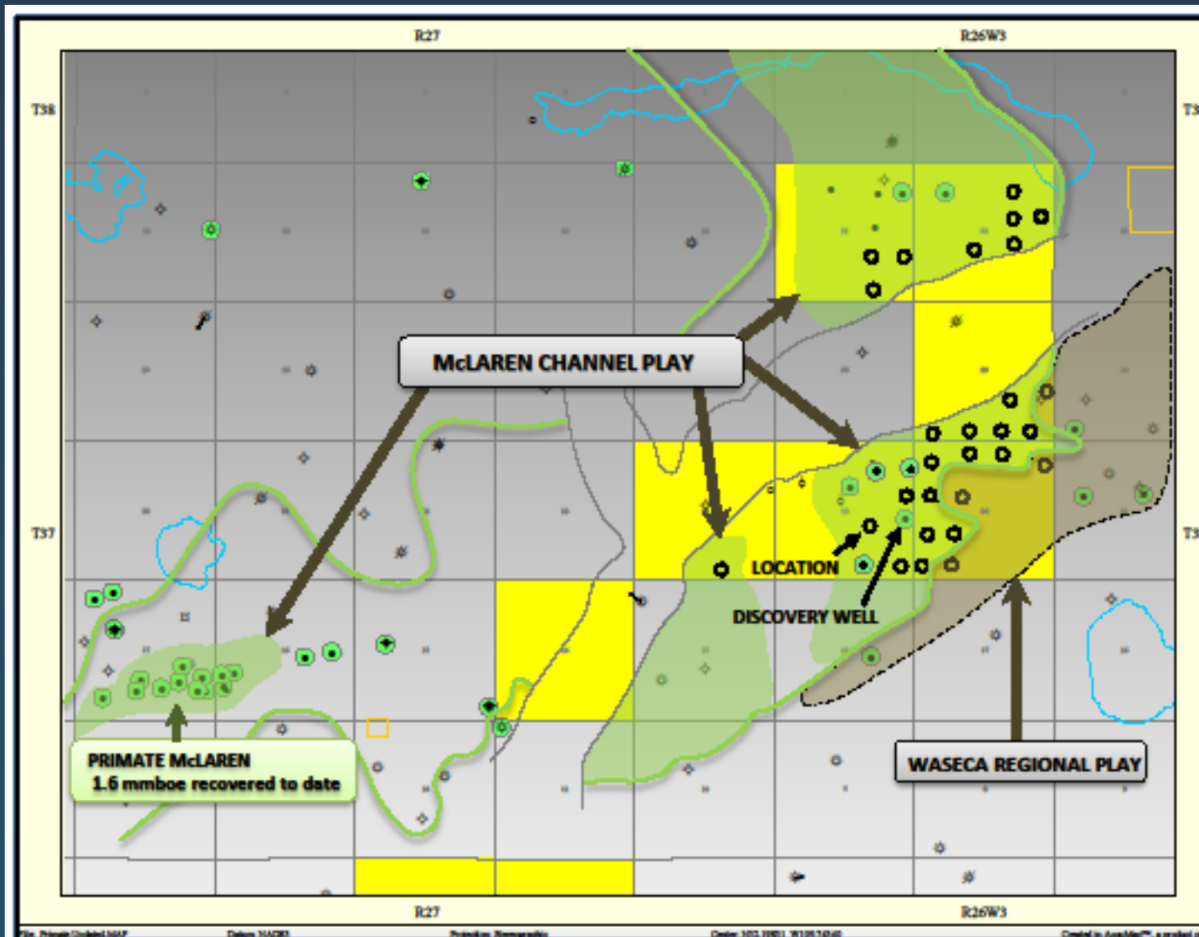


- Current production > 2,400 boe/d
- Reliable, predictable, base production profile
- Primarily McLaren and Sparky production
- Historic production under waterflood
- Possible polymer flood application
- 6 wells per quarter drilling pace



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Primate



- 2011 Discovery-100% WI
- Prolific (>100 boe/d) wells
- Drilled 20+ wells to date
- Current production is approximately 2,000 boe/d
- Identified 20+ new locations
- Water flood to be implemented in Q3



Undeveloped Land and Gas Inventory Provides Long Term Optionality

- 220,000 net undeveloped acres
- 280 net gas drilling locations
 - Bruce
 - Viking / Colorado shale resource play (25 bcf/section)
 - Horizontal drill, multi-stage frac wells proven in area
 - Ansell
 - Significant OGIP proven by existing wellbores
 - Horizontal Cardium locations; Notikewin; Wilrich potential
 - Jayar
 - Cardium and Dunvegan horizontal potential
 - Opportunity to farm out, or monetize until gas pricing dictates investment



Twin Butte – Sustainable Income Plus Growth

- Market cap of \$500 million, 82+% oil leveraged, 13,900 boe/d production, > 500 net heavy oil locations and 9.6 year RLI.
- Total returns to shareholders via sustainable income and moderate growth (6.9% yield; 3 – 5% production growth).
- Solid production base allows sustainable monthly dividend at an annual rate of \$0.18/yr, with a conservative payout ratio of 30% based on forecast.
- Visible moderate production growth from low risk, high rate of return development drilling.
- Optionality on gas inventory and undeveloped lands as at \$55,000/boe/d for oil assets, gas is free.



Analyst Coverage

<i>Company</i>	<i>Target</i>	<i>Action</i>
Acumen Capital	\$3.65	Buy
Canaccord	\$3.30	Buy
CIBC Capital	\$3.00	Outperform
Cormark Securities	\$4.50	Buy
GMP Securities	\$3.35	Buy
National Bank	\$3.25	Outperform
Paradigm Capital	\$3.75	Buy
Peters & Co	\$3.00	Outperform
Raymond James	\$3.25	Strong Buy
Salman Partners	\$2.65	Buy



Appendix



Team and Board That Can Execute

- Jim Saunders *President, CEO & Director*
- Alan Steele *Vice President, Finance & CFO*
- Bruce Hall *Chief Operating Officer (COO)*
- Bob Bowman *Vice President, Operations*
- Neil Cathcart *Vice President, Exploration*
- Claude Gamache *Vice President, Heavy Oil Geosciences*
- Preston Kraft *Vice President, Engineering*
- Colin Ogilvy *Vice President, Land*

- *Board of Directors*

- David Fitzpatrick - Chairman
- Jim Brown
- John Brussa
- Tom Greschner
- Jim Saunders
- Warren Steckley
- Bill Trickett



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Reserves Summary

Twin Butte + Emerge 2011 Yearend Company Working Interest Reserves Summary

As of December 31, 2011

	Lt Oil mbbls	Hvy Oil mbbls	Gas mmcf	NGLs mbbls	mboe	% of P + P	PV10 \$MM	% of P + P	FDC \$MM	\$/boe	RLI years
Proved											
Dev Prod	1,199.1	7,172.7	52,354.0	1,202.0	18,299.5	39.1	305.5	40.6	4.3	16.69	3.8
Non-Prod	39.9	982.1	6,929.4	182.0	2,358.9	5.0	30.7	4.1	7.6	13.03	0.5
Undev	354.9	4,528.8	8,401.5	193.9	6,477.9	13.9	90.8	12.1	85.8	14.02	1.3
Total Proved	1,593.9	12,683.6	67,684.9	1,577.9	27,136.2	58.0	427.0	56.8	97.7	15.74	5.6
	6%	47%	42%	6%	100%						
Probable											
Dev Prod	317.4	2,221.4	11,659.2	253.9	4,735.9	10.1	75.0	10.0	0.0	15.83	1.0
Non-Prod	35.9	2,785.2	4,904.5	66.4	3,704.9	7.9	70.7	9.4	9.4	19.07	0.8
Undev	488.3	8,035.3	13,954.4	331.0	11,180.3	23.9	178.9	23.8	95.9	16.00	2.3
Total Probable	841.6	13,041.9	30,518.1	651.3	19,621.2	42.0	324.6	43.2	105.3	16.54	4.0
	4%	66%	26%	3%	100%						
Proved + Probable											
Dev Prod	1,516.5	9,394.1	64,013.2	1,455.9	23,035.4	49.3	380.4	50.6	4.3	16.52	4.7
Non-Prod	75.8	3,767.3	11,833.9	248.4	6,063.8	13.0	101.4	13.5	17.0	16.72	1.2
Undev	843.2	12,564.1	22,355.9	524.9	17,658.2	37.8	269.7	22.1	181.7	15.28	3.6
Total Proved + Probable	2,435.5	25,725.5	98,203.0	2,229.2	46,757.4	100.0	751.6	100.0	203.0	16.07	9.6
	5%	55%	35%	5%	100%						



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Net Asset Value – Pro-forma

as of December 31, 2011

	<u>PV10</u>	<u>PV15</u>
<u>Reserve Value Dec 31, 2011 - \$MM</u>		
Proved	427.0	375.6
Proved + Probable	751.6	639.8
Land Value - \$MM (independent report)	53.4	53.4
Debt - \$MM	(139.1)	(139.1)
Option Proceeds	2.8	2.8
<u>Net Asset Value (Basic) - \$MM</u>		
Proved	341.3	289.8
Proved + Probable	665.8	554.0
Shares Outstanding - MM	191.6	191.6
Shares + Options + Rights - MM	196.9	196.9
<u>Net Asset Value (Basic) - \$/share</u>		
Proved	1.78	1.51
Proved + Probable	3.48	2.89
<u>Net Asset Value (Shares+Options) - \$/share</u>		
Proved	1.75	1.49
Proved + Probable	3.40	2.83



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FD&A (2 & 3 year summary)

Reserve Reconciliation		3 Year 2009 -2011		2 Year 2010 -2011	
		<u>Proved</u>	<u>P+P</u>	<u>Proved</u>	<u>P+P</u>
Opening balance	(mboe)	6,985.5	10,603.1	18,922.7	30,526.6
Additions		6,713.9	11,871.0	6,397.3	10,723.4
Technical Revisions		(506.9)	(2,321.7)	(798.8)	(2,304.6)
Acquisitions		15,614.5	24,519.7	2,569.8	3,855.6
Dispositions		(1,388.1)	(2,558.7)	(987.9)	(2,003.3)
Production		(6,493.5)	(6,493.5)	(5,177.8)	(5,177.8)
December 31, 2011	(mboe)	20,925.3	35,619.9	20,925.3	35,619.9
<u>F&D Costs - \$/boe</u>					
Additions & Revisions		20.78	13.51	20.09	13.36
Additions & Revisions + FDC		18.47	14.58	20.17	14.94
<u>Acquisition & Divestiture Costs - \$/boe</u>					
Acquisition & Divestiture		7.79	5.05	0.05	0.04
Acquisition & Divestiture + FDC		11.06	8.85	15.52	13.76
<u>FD&A Costs - \$/boe</u>					
Additions & Revisions		11.73	7.61	15.68	10.96
Additions & Revisions + FDC		13.31	10.59	19.15	14.73



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Heavy Oil Wellhead Prices

differential/ WTI	\$ 80	\$ 85	\$ 90	\$ 95	\$ 100	\$ 105
15%	\$ 58.00	\$ 62.25	\$ 66.50	\$ 70.75	\$ 75.00	\$ 79.25
20%	\$ 54.00	\$ 58.00	\$ 62.00	\$ 66.00	\$ 70.00	\$ 74.00
25%	\$ 50.00	\$ 53.75	\$ 57.50	\$ 61.25	\$ 65.00	\$ 68.75
30%	\$ 46.00	\$ 49.50	\$ 53.00	\$ 56.50	\$ 60.00	\$ 63.50
35%	\$ 42.00	\$ 45.25	\$ 48.50	\$ 51.75	\$ 55.00	\$ 58.25

Twin Butte Heavy Oil Wellhead price*

differential/ WTI	\$ 80	\$ 85	\$ 90	\$ 95	\$ 100	\$ 105
15%	\$ 64.83	\$ 67.12	\$ 69.42	\$ 71.71	\$ 74.01	\$ 76.30
20%	\$ 62.67	\$ 64.83	\$ 66.99	\$ 69.15	\$ 71.31	\$ 73.47
25%	\$ 60.51	\$ 62.53	\$ 64.56	\$ 66.58	\$ 68.61	\$ 70.63
30%	\$ 58.35	\$ 60.24	\$ 62.13	\$ 64.02	\$ 65.91	\$ 67.80
35%	\$ 56.19	\$ 57.94	\$ 59.70	\$ 61.45	\$ 63.21	\$ 64.96

* based on 46% of heavys hedged at \$82.84 WCS for Q2-Q4 2012

\$10.00/bbl quality & blending adjustment from WCS to wellhead price



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Forward-Looking Statements

This presentation contains forward-looking statements under applicable securities laws, including, in particular, statements about Twin Butte Energy's plans, strategies and prospects.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or achieved in the forward-looking statements.



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“ A New Sustainable Model ”

Jim Saunders – President & CEO

jsaunders@twinbutteenergy.com

Alan Steele – CFO

asteel@twinbutteenergy.com

410, 396 – 11th Avenue SW Calgary, Alberta T2R 0C5 Tel: 403-215-2045