

THIS LETTER OF TRANSMITTAL IS FOR USE ONLY IN CONJUNCTION WITH THE PLAN OF ARRANGEMENT INVOLVING EMERGE OIL & GAS INC., TWIN BUTTE ENERGY LTD. AND THE SHAREHOLDERS OF EMERGE OIL & GAS INC.

THIS LETTER OF TRANSMITTAL MUST BE VALIDLY COMPLETED, DULY EXECUTED AND RETURNED TO THE DEPOSITARY, VALIANT TRUST COMPANY. IT IS IMPORTANT THAT YOU VALIDLY COMPLETE, DULY EXECUTE AND RETURN THIS LETTER OF TRANSMITTAL ON A TIMELY BASIS IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN.

LETTER OF TRANSMITTAL

FOR HOLDERS OF COMMON SHARES OF EMERGE OIL & GAS INC.

Please read the Instructions set out below carefully before completing this Letter of Transmittal.

TO: EMERGE OIL & GAS INC.
AND TO: VALIANT TRUST COMPANY, AS DEPOSITARY
AND TO: TWIN BUTTE ENERGY LTD.

This Letter of Transmittal (the “**Letter of Transmittal**”) is for use by registered holders (“**Emerge Shareholders**”) of common shares (“**Emerge Shares**”) of Emerge Oil & Gas Inc. (“**Emerge**”) in connection with the proposed plan of arrangement pursuant to Section 193 of the *Business Corporations Act* (Alberta) (the “**Arrangement**”) involving Emerge, Twin Butte Energy Ltd. (“**Twin Butte**”) and the Emerge Shareholders pursuant to an Arrangement Agreement dated as of November 13, 2011, the full text of which is set out in the Joint Management Information Circular (“**Information Circular**”) of Emerge and Twin Butte dated December 9, 2011. Capitalized terms used but not defined in this Letter of Transmittal shall have the meanings given to them in the Information Circular. Emerge Shareholders will not receive Twin Butte Shares (or dividends or distributions thereon after the Effective Date) until they submit the certificates for their Emerge Shares to the Depositary along with a duly completed Letter of Transmittal.

The undersigned delivers to you the enclosed certificate(s) representing Emerge Shares to be exchanged for certificate(s) representing common shares of Twin Butte (“**Twin Butte Shares**”) pursuant to and in accordance with the Arrangement described in the Information Circular. Emerge Shareholders will receive 0.585 of a Twin Butte Share for each Emerge Share held on the effective date of the Arrangement.

DESCRIPTION OF CERTIFICATES DEPOSITED		
Certificate Number(s)	Name in which Emerge Shares are Registered	Number of Emerge Shares Deposited
	TOTAL:	

(If space is not sufficient, please attach a list in the above form.)

- Some or all of my Emerge Share certificates have been lost, stolen or destroyed. Please review instruction 8 on page 7 hereof for the procedure to replace lost or destroyed certificates. (Check box if applicable)

The undersigned:

1. acknowledges receipt of the Information Circular;
2. represents and warrants that the undersigned is the legal owner of the above listed Emerge Shares and has good title to the rights represented by the above mentioned certificates, free and clear of all liens, charges, encumbrances, claims and equities and together with all rights and benefits, and has full power and authority to deliver such certificates;
3. represents and warrants that the undersigned has full power and authority to execute and deliver this letter of transmittal and that the information provided herein is true, accurate and complete as of the date hereof;
4. represents and warrants that it is a resident in the jurisdiction set out in “*Address of Emerge Shareholder*” on page 5 of this Letter of Transmittal;
5. acknowledges that if the Arrangement is approved at the Meeting, including any adjournment thereof, unless the Arrangement is not subsequently completed, the deposit of Emerge Shares pursuant to this Letter of Transmittal is irrevocable;
6. directs the Depositary to issue or cause to be issued as soon as reasonably practical following completion of the Arrangement, the Twin Butte Shares to which the undersigned is entitled on completion of the Arrangement in the name indicated below, and to send the Twin Butte Shares to the address, or hold the same for pickup, as indicated in the Letter of Transmittal;
7. covenants and agrees to execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the exchange of certificate(s) representing Emerge Shares for certificate(s) representing Twin Butte Shares;
8. acknowledges that all authority conferred or agreed to be conferred by the undersigned herein may be exercised during any subsequent legal incapacity of the undersigned and shall survive the death or incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned herein shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned;
9. by virtue of execution of this Letter of Transmittal, shall be deemed to have agreed that all questions as to the validity, form, eligibility (including timely receipt) and acceptance of any Emerge Shares deposited pursuant to the Arrangement will be determined by Emerge and Twin Butte in their sole discretion and that such determination shall be final and binding and acknowledges there shall be no duty or obligation on Twin Butte, Emerge, the Depositary or any other person to give notice of any defect or irregularity and no liability shall be incurred by any of them for failure to give such notice; and
10. acknowledges that Emerge or Twin Butte may be required to disclose certain personal information in respect of the undersigned. The personal information of the undersigned may be disclosed by Emerge or Twin Butte to, and may be used by: (i) stock exchanges or security regulatory authorities; (ii) the Depositary; and (iii) any other parties involved in the Arrangement.

Unless otherwise indicated under “Special Registration Instructions” or “Special Delivery Instructions” below (in which case registration or delivery should be made in accordance with those instructions), the certificates for Twin Butte Shares should be issued in the name of the undersigned and forwarded to the undersigned at the address specified below the signature of the undersigned (or if no such address or delivery instructions are made, to the latest address of record on Emerge’s share register). If the Arrangement is not completed and the

Arrangement Agreement is terminated or Emerge or Twin Butte terminates its obligations thereunder pursuant to its terms, the undersigned directs the Depositary to return the enclosed certificate(s) to the address specified in accordance with the instructions in the preceding sentence.

Non-registered holders of Emerge Shares should contact their nominee (i.e. broker, trust company, bank or other registered holder) which holds their Emerge Share certificates on their behalf to arrange for their exchange.

If applicable, Twin Butte shall, or shall direct the Depositary to, make all withholdings from the consideration payable to holders of Emerge Shares required under applicable laws, including the *Income Tax Act* (Canada) and all applicable provincial and foreign legislation, and including in accordance with the terms and conditions set forth in the Plan of Arrangement.

BOX A
SPECIAL REGISTRATION
INSTRUCTIONS
(See Instructions 3, 4 and 5)

To be completed only if the certificates for Twin Butte Shares are NOT to be registered in the name of the undersigned. If this box is completed, the signature must be guaranteed.

In the Name of _____
(please print)

Address: _____

(include postal code or zip code)

(Social Insurance Number or Taxpayer Identification Number – must be provided)

BOX B
SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3 and 5)

To be completed only if the certificates for Twin Butte Shares are to be sent to a name or an address other than the name and address of the undersigned on the register of Emerge Shareholders maintained by the transfer agent of Emerge. If this box is completed, the signature must be guaranteed.

In the Name of _____
(please print)

Address: _____

(include postal code or zip code)

BOX C

Check here if the certificates for Twin Butte Shares are to be held for pick-up at the office of the Depository at which this Letter of Transmittal is deposited.

Signature guaranteed by (if required under items 3, 4 and 5 of the instructions)

Dated: _____, _____

Authorized Signature

Signature of Emerge Shareholder or Authorized Representative
(see items 4 and 6 of the instructions)

Name of Guarantor (please print or type)

Address of Emerge Shareholder

Address of Guarantor (please print or type)

Daytime Telephone Number of Emerge Shareholder

Facsimile Number of Emerge Shareholder

Social Insurance Number or U.S. Resident Taxpayer Identification Number (must be provided)

Name of Emerge Shareholder (please print or type)

Name of Authorized Representative, if applicable
(please print or type)

INSTRUCTIONS

1. Fractional Interests

No fractional Twin Butte Shares will be issued pursuant to the Arrangement. In the event that an Emerge Shareholder would otherwise be entitled to a fractional Twin Butte Share under the Arrangement, the number of Twin Butte Shares issued to such Emerge Shareholder shall be rounded up to the next greater whole number of Twin Butte Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Twin Butte Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Emerge Shares registered in the name of or beneficially held by such Emerge Shareholder or his or her nominee shall be aggregated.

2. Use of Letter of Transmittal

(a) This Letter of Transmittal (or a manually executed facsimile copy hereof) validly completed and duly executed as required by the instructions set forth below, together with accompanying certificates representing the Emerge Shares and all other documents required by the terms of the Arrangement and this Letter of Transmittal must be received by the Depository at any of its offices specified on the back page of this document.

(b) The method used to deliver this Letter of Transmittal and any accompanying certificates representing Emerge Shares and all other required documents is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received by the Depository. It is recommended that the necessary documentation be hand delivered to the Depository at one of its offices specified on the back page of this document, and a receipt be obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained. **Emerge Shareholders whose Emerge Shares are registered in the name of a nominee should contact their stockbroker, investment dealer, bank, trust company or other nominee for assistance in depositing those Emerge Shares.**

3. **Special Registration and Delivery Instructions.** The boxes entitled “Special Registration Instructions” and “Special Delivery Instructions”, as applicable, should be completed if the certificates for the Twin Butte Shares to be issued pursuant to the Arrangement are to be: (a) issued in the name of a person other than the person signing this Letter of Transmittal; (b) sent to someone other than the person signing the Letter of Transmittal; or (c) sent to the person signing the Letter of Transmittal at an address other than that appearing on the register of the Emerge Shareholders maintained by the transfer agent of Emerge. See also Instruction 5 below.

4. **Signatures.** This Letter of Transmittal must be completed and signed by the holder of Emerge Shares (or by such holder’s duly authorized representative in accordance with paragraph 6 below).

(a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s), such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) without any change whatsoever, and the certificate(s) need not be endorsed. If such transmitted certificate(s) are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.

(b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the Emerge Shares or if Twin Butte Shares are to be issued to a person other than the registered holder(s):

(i) such deposited certificate(s) must be endorsed or be accompanied by an appropriate share transfer power of attorney duly and properly completed by the registered owner(s); and

- (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) and must be guaranteed as noted in paragraph 5 below.

- 5. **Guarantee of Signatures.** If this Letter of Transmittal is executed by a person other than the registered owner(s) of the Emerge Shares, or if the Twin Butte Shares are to be issued to a person other than the registered holder(s) or are to be sent to an address other than the address of the registered holder(s) as shown on the register of Emerge Shares maintained by the transfer agent of Emerge, such signature must be guaranteed by an Eligible Institution, or in some other manner satisfactory to the Depository (except that no guarantee is required if the signature is that of an Eligible Institution).

An “**Eligible Institution**” means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP). Members of these programs are usually members of a recognized stock exchange in Canada or the United States, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers or banks or trust companies in the United States.

- 6. **Fiduciaries, Representatives and Authorizations.** Where this Letter of Transmittal or any certificate or share transfer or power of attorney is executed by a person as an executor, administrator, trustee, guardian, attorney-in-fact or agent or on behalf of a corporation, partnership or association or is executed by any other person acting in a fiduciary or representative capacity, this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. Emerge, Twin Butte and the Depository, at their discretion, may require additional evidence of authority or additional documentation.

- 7. **Miscellaneous.**

- (a) If the space on this Letter of Transmittal is insufficient to list all certificates for Emerge Shares, additional certificate numbers and number of Emerge Shares may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If Emerge Shares are registered in different forms (e.g. “John Doe” and “J. Doe”), a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be accepted. All depositing shareholders by execution of this Letter of Transmittal (or a copy thereof) waive any right to receive any notice by the Depository.
- (d) The holder of the Emerge Shares covered by this Letter of Transmittal hereby unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom.
- (e) Additional copies of the Letter of Transmittal may be obtained on request and without charge from the Depository at any of its offices at the addresses listed on the back page of this document.

- 8. **Lost or Destroyed Certificates.** If a share certificate has been lost or destroyed, this Letter of Transmittal should be completed as fully as possible and forwarded, together with a letter describing the loss, to the Depository. The Depository will respond with the replacement requirements, which must be properly completed and returned prior to the Depository issuing the consideration to which such Emerge Shareholder is entitled to receive under the Arrangement. If a share certificate has been lost or destroyed, please ensure that you provide your telephone number to the Depository and Emerge so that they may contact you.

- 9. **Extinction of Rights.** Any certificate, which immediately prior to the Effective Time represented outstanding Emerge Shares, that is not deposited with a validly completed and duly executed Letter of

Transmittal and other required instruments on or prior to the fifth anniversary of the Effective Date, or such shorter period required under any applicable law, shall cease to represent a claim or interest of any kind or nature, and the right of a holder of Emerge Shares to receive consideration under the Arrangement, including any dividends or other distributions, shall be deemed to be surrendered to Twin Butte.

10. **Privacy Notice from Valiant Trust Company.** At Valiant Trust Company, we take privacy seriously. In the course of providing services to you and our issuer clients in connection with stock transfers, employee stock/unit purchase plans, dividend/distribution reinvestment plans, direct stock/unit purchase plans and/or direct registration services, we receive non-public, personal information about you. We receive this information through transactions we perform for you, from enrolment forms and through other communications with you. We may also receive information about you by virtue of your transactions with affiliates of Valiant Trust Company or other parties. This information may include your name, social insurance number, stock/unit ownership information and other financial information. With respect both to current and former customers, Valiant Trust Company does not share non-public personal information with any non-affiliated third party except as necessary to process a transaction, service your account or as permitted by law. Our affiliates and outside service providers with whom we share information are legally bound not to disclose the information in any manner, unless permitted by law or other governmental process. We strive to restrict access to your personal information to those employees who need to know the information to provide our services to you, and we maintain physical, electronic and procedural safeguards to protect your personal information. Valiant Trust Company realizes that you entrust us with confidential personal and financial information and we take that trust very seriously. By providing your personal information to us and signing this form, we will assume, unless we hear from you to the contrary, that you have consented and are consenting to this use and disclosure. A complete copy of our Privacy Code, may be accessed at <http://www.valianttrust.com/privacy/>, or you may request a copy in writing to Suite 310, 606 4th Street SW, Calgary, Alberta, T2P 1T1.

Offices of the Depositary
VALIANT TRUST COMPANY

Inquiries:

Toll Free: 1-866-313-1872
E-Mail: inquiries@valianttrust.com

By Mail, Hand, Courier or Registered Mail:

Vancouver

600-750 Cambie Street
Vancouver, BC V6B 0A2

Attention: Corporate Actions

By Hand or Courier:

Toronto

710, 130 King Street West
Toronto, ON M5X 1A9

Attention: Corporate Actions

Calgary

310, 606 – 4th Street S.W.
Calgary, AB T2P 1T1

Attention: Corporate Actions

Any questions and requests for assistance may be directed by Emerge Shareholders to the Depositary at the telephone number and locations set out above.