



TWIN BUTTE
ENERGY LTD.

Reignwood Arrangement

Why vote yes

July 15, 2016

TSX: **TBE**

www.twinbutteenergy.com

Reader Advisory



Forward-Looking Statements

Certain information set forth in this presentation, including information and statements which may contain words such as "could", "plans", "should", "anticipates", "expects", "believes", "will" and similar expressions and statements relating to matters that are not historical facts, contain forward-looking statements, including but not limited to statements regarding: the Arrangement and the anticipated timing of closing; the accrued consideration for the debentures on closing; the expected benefits of the Arrangement; and the potential consequences for Twin Butte securityholders if the Arrangement is not completed (including any action by the lenders). By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Twin Butte's control. Completion of the Arrangement is subject to a number of conditions which are typical for transactions of this nature. Failure to satisfy any of these conditions, the emergence of a superior proposal or the failure to obtain approval of Twin Butte's shareholders or debentureholders may result in the termination of the Arrangement. The foregoing list is not exhaustive. Additional information on these and other risks that could affect completion of the Arrangement will be set forth in the information circular, which will be available on SEDAR at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of Twin Butte 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. Twin Butte disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

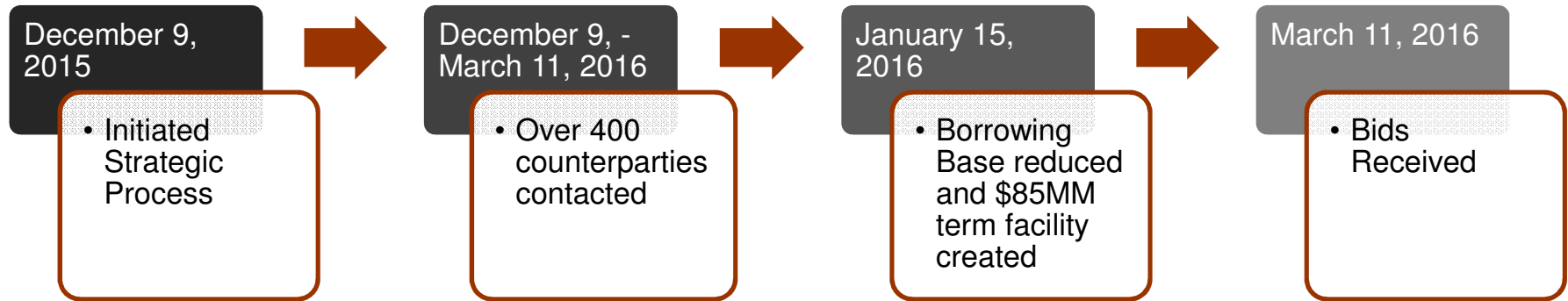
Highest offer for all stakeholders individually and collectively

- Banks – supportive and forbearing rights with respect to existing credit facility, pending closing
- Debenture holders – cash consideration of \$140 per \$1000 of principle amount plus accrued and unpaid interest up to closing, which implies a 60% premium to pre-announcement closing price
- Shareholders – cash consideration of \$0.06 per share

Approval is required from both the Shareholders and the Debenture holders

Pragmatic solution to complex challenges

Process



Advised and assisted by Peters & Co. Limited and National Bank Financial Inc.

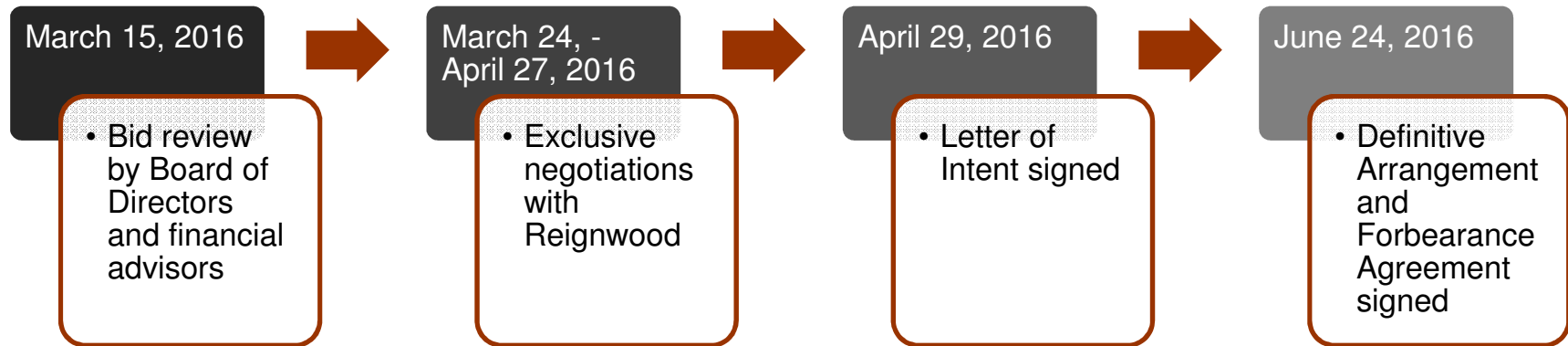
Considered all options, including asset sales, corporate deals & alternative debt

Many companies participated in virtual data room to evaluate the opportunity

Numerous management presentations to interested counterparties were made

Extensive process canvassing the globe

Process



Multiple negotiating points navigated to reach a definitive agreement

- TBE / Bank Syndicate
 - time constraints and deferral of \$85MM term facility maturity date
 - entered into Forbearance Agreement on the basis that it would provide time to complete the Arrangement
- Reignwood / Bank Syndicate
 - new terms of the post closing facility
- 8 Bank Syndicate members
 - differing views and objectives

Liquidity challenges



Non revolving \$85MM term facility **past due**

- Initially due April 30th, 2016
- Multiple short term extensions granted by bank syndicate
 - 8 member bank syndicate requires unanimous approval for any extensions or changes to terms
- Forbearance in place to August 15, 2016

Revolving \$140MM facility redetermination **due May 26, 2016**

- Further material reduction expected
- Asset sales would further reduce the borrowing base
- Revolving borrowing base history:
 - May 2014 \$365 MM
 - June 2015 \$275 MM
 - January 2016 \$140 MM
- Forbearance in place to August 15, 2016

No access to equity or debt markets for Twin Butte through this downturn

Potential Outcomes



A. The transaction is approved

- Secured lenders enter into a new credit facility with TBE
- Debenture holders receive the proposed consideration (~\$0.18 per dollar), including accrued and deferred interest
- Shareholders receive \$0.06 per share

B. The transaction is voted down

- TBE likely goes into receivership
- Based upon process results most likely:
 - Secured lenders do not see full recovery
 - Unsecured Debenture holders receive \$0
 - Shareholders receive \$0

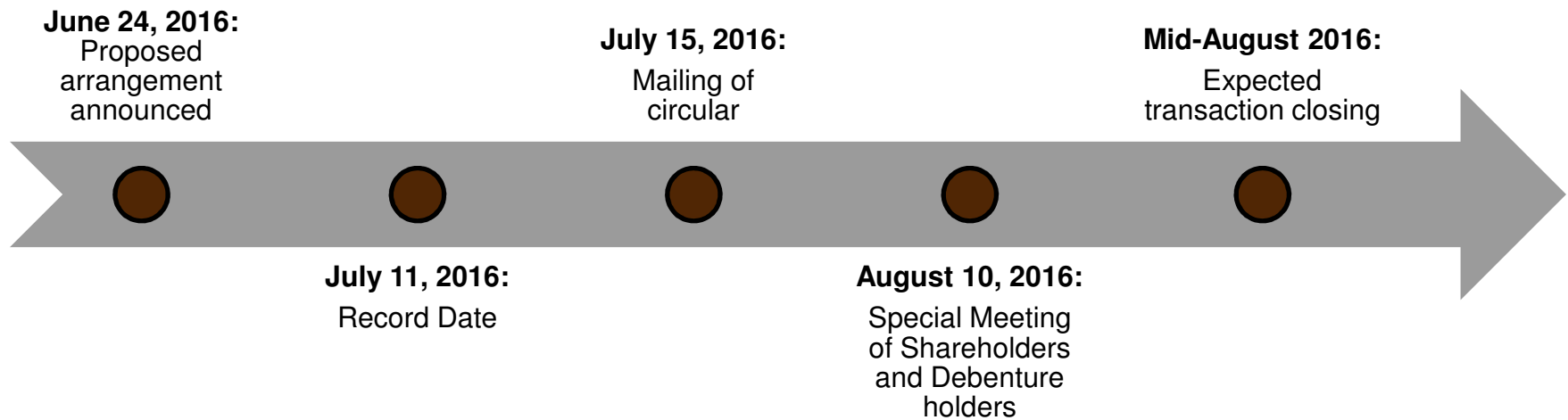
C. A superior proposal is received in the interim

Rationale and Benefits



- ✓ Full, extensive process completed
- ✓ Best offer for all stakeholders individually and collectively
- ✓ Unanimous approval from Board of Directors
- ✓ Advisor has provided fairness opinion
- ✓ Significant risk of receivership avoided
- ✓ Immediate cash liquidity and certainty of value for shareholders and debenture holders

Timeline



Contact Information



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