

August 9, 2016

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Board of Directors  
Twin Butte Energy Ltd.  
Suite 410, 396 - 11<sup>th</sup> Avenue SW  
Calgary, Alberta  
T2R 0C5

To the Board of Directors:

Canaccord Genuity Corp. ("Canaccord Genuity") understands that Twin Butte Energy Ltd. ("Twin Butte") has entered into an arrangement agreement dated June 23, 2016, as amended on July 11, 2016 (the "Arrangement Agreement"), with Reignwood Resources Holding Pte. Ltd. ("Reignwood"), a partnership between the Reignwood Group ("Reignwood Group") and Horizon Holding Group ("Horizon"), pursuant to which Reignwood has agreed to acquire all of the issued and outstanding common shares ("Twin Butte Shares") of Twin Butte and all of Twin Butte's outstanding 6.25% convertible unsecured subordinated debentures due December 31, 2018 ("Twin Butte Debentures") by way of a court approved plan of arrangement (the "Arrangement"). Canaccord Genuity understands that the Arrangement Agreement provides that, among other things, holders of Twin Butte Shares ("Twin Butte Shareholders") will receive for each Twin Butte Share held, \$0.06 in cash and holders of Twin Butte Debentures ("Twin Butte Debenture Holders") will receive for each \$1,000 principal amount of Twin Butte Debentures held, \$140, plus accrued and unpaid interest thereon up to but excluding the date on which the transaction is effective ("Effective Date") in cash.

The specific terms and conditions of the Arrangement are set out in the Arrangement Agreement and are more fully described in the management information circular and proxy statement (the "Information Circular") dated July 11, 2016 in connection with the annual and special meeting of the Twin Butte Shareholders and Twin Butte Debenture Holders (the "Meeting") to be held on August 10, 2016 (as may be adjourned or postponed) to, among other things, have the Twin Butte Shareholders and Twin Butte Debenture Holders consider and, if deemed advisable, approve the Arrangement.

Canaccord Genuity understands that the completion of the Arrangement will be conditional on, among other things, approval by at least 66<sup>2</sup>/<sub>3</sub>% of the Twin Butte Shareholders voting in person or by proxy at the Meeting, a simple majority of the Twin Butte Shareholders voting in person or proxy at the Meeting, after excluding the cast by certain persons whose votes may not be included pursuant to MI 61-101 (as defined herein), as well as approval by at least 66<sup>2</sup>/<sub>3</sub>% of the Twin Butte Debenture Holders voting in person or by proxy at the Meeting, receipt of all required regulatory approvals and approval of the Court of Queen's Bench of Alberta.

## ENGAGEMENT OF CANACCORD GENUITY

Canaccord Genuity was engaged by Twin Butte pursuant to an engagement agreement dated August 4, 2016 (the "Engagement Agreement") to deliver to the Board of Directors of Twin Butte (the "Board") its opinion ("Fairness Opinion") as to the fairness, from a financial point of view, of the consideration to be received by the Twin Butte Debenture Holders pursuant to the Arrangement. This Fairness Opinion is for the use and benefit of the Board and does not constitute a recommendation to any Twin Butte Debenture Holder as to how to vote such securities at the Meeting. Canaccord Genuity has not been retained to prepare and has not prepared any formal valuation of Twin Butte or any of its material assets in accordance

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with the requirements of Multilateral Instrument 61-101, *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") nor is this Fairness Opinion a "title" or "tax" opinion in respect of any of Twin Butte's assets, and this Fairness Opinion should not be construed as such.

The terms of the Engagement Agreement provide that Canaccord Genuity will receive a fixed fee for its services and is to be reimbursed for its reasonable out-of-pocket expenses. The fees payable to Canaccord Genuity in connection with the Engagement Agreement and this Fairness Opinion are not financially material to Canaccord Genuity. In addition, Twin Butte has agreed to indemnify Canaccord Genuity and its affiliates and their respective directors, officers, employees, agents and consultants, in certain circumstances, against certain expenses, losses, claims, actions, suits, proceedings, damages and liabilities which may arise directly or indirectly from the provision of its services in connection with the Engagement Agreement.

On August 9, 2016, at the request of the Board, Canaccord Genuity orally delivered this Fairness Opinion to the Board based upon the scope of review and subject to the assumptions and limitations set out herein. This Fairness Opinion provides the same opinion, in writing, as of August 9, 2016.

This Fairness Opinion may not be published, reproduced, disseminated, quoted from or referred to, in whole or in part, at any time, or be used or relied upon by any other person for any other purpose without the express written consent of Canaccord Genuity in each specific instance; provided however Canaccord Genuity consents to the filing of the Fairness Opinion in its entirety on Twin Butte's corporate website and SEDAR profile and a summary thereof in any news release announcing the same, and the mailing and filing thereof as required pursuant to applicable corporate and securities laws.

#### **CREDENTIALS OF CANACCORD GENUITY**

Canaccord Genuity is one of Canada's largest independent investment banking firms providing a full range of corporate finance, merger and acquisition, financial restructuring, sales and trading, equity research and brokerage services to corporations, governments, institutions and individuals. Canaccord Genuity has professionals and offices across Canada, as well as in the United States, Europe, Australia and Asia. Canaccord Genuity has participated in numerous arrangements involving private and public corporations and has extensive experience in preparing fairness opinions.

The opinions expressed herein are the opinions of Canaccord Genuity as a firm, and the form and content hereof has been approved for release by a committee of professionals of Canaccord Genuity, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

#### **RELATIONSHIP WITH INTERESTED PARTIES**

Neither Canaccord Genuity nor any of its associates or affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)), or a related entity of Twin Butte, Reignwood or any of their respective associates or affiliates (collectively, the "Interested Parties"). As of the date of this Fairness Opinion, Canaccord Genuity and its affiliates have not been engaged to provide any financial advisory services nor had a material financial interest in any arrangement involving any Interested Party, within the last 12 months, other than services provided in connection with the Engagement Agreement.

There are no understandings or agreements between Canaccord Genuity and any Interested Party with respect to future financial advisory or investment banking business. Canaccord Genuity may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for any Interested Party or their successors. Canaccord Genuity does not believe that any of these relationships affect Canaccord Genuity's independence with respect to this Fairness Opinion.

Canaccord Genuity or a related entity acts as a trader and dealer, both principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of one or more Interested Parties and, from time to time, may have executed or may execute arrangements on behalf of such entities or other clients for which it may have received or may receive compensation. As an investment dealer, Canaccord Genuity conducts research on securities and may, in the ordinary course of

its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, Twin Butte or any other Interested Party.

#### **SCOPE OF REVIEW**

In connection with this Fairness Opinion, Canaccord Genuity has reviewed and, where it considered appropriate and subject to the exercise of its professional judgment, relied upon (without attempting to independently verify the completeness or accuracy of) or carried out, as applicable, among other things, the following:

##### *Agreement Documents:*

- i. Final executed Arrangement Agreement dated June 23, 2016, as amended on July 11, 2016; as well as all preceding expressions of interest and letters of intent;
- ii. Form of Proxy documents prepared by Computershare with respect to the Twin Butte Shares and Twin Butte Debentures and filed on SEDAR on July 15, 2016;
- iii. July 11, 2016 dated Information Circular and Proxy Statement with respect to the Arrangement and the Meeting; and
- iv. Full access to all confidential agreements between Reignwood, the banking syndicate and Twin Butte.

##### *Disclosure of Twin Butte:*

- i. Various documents relating to strategic alternatives process provided by Twin Butte management and Twin Butte's financial advisors;
- ii. News Releases of Twin Butte since January 1, 2015;
- iii. Annual Report of Twin Butte including the audited annual financial statements and Management's Discussion and Analysis contained therein, for the year ended December 31, 2015;
- iv. The annual information form of Twin Butte for the year ended December 31, 2015 dated March 29, 2016;
- v. Interim Reports for Twin Butte, including the unaudited financial statements and Management's Discussion and Analysis contained therein, for the quarters ended March 31, 2016 and June 30, 2016;
- vi. ISS Proxy Analysis & Benchmark Policy Voting Recommendation document prepared by ISS for Twin Butte's August 10, 2016 scheduled meeting;
- vii. July 28, 2016 dated letter sent by Twin Butte management to Twin Butte Debenture Holders;
- viii. Twin Butte's corporate presentations titled "Q4 2015 Results Presentation" posted on the company's website on November 19, 2015 and titled "July 2016 Corporate Presentation" posted on the company's website on July 15, 2016;
- ix. Twin Butte's amended and restated credit agreement dated as of January 15, 2016, as amended and restated from time to time and the forbearance agreement with respect thereto dated June 23, 2016;

- x. Material Change Reports of Twin Butte since December 10, 2015;
- xi. Twin Butte's convertible debenture indenture dated as of December 13, 2013;
- xii. Final Short Form Prospectus (dated December 6, 2013) with respect to the offering of the Twin Butte Debentures; and
- xiii. Certain additional publicly available business and financial information relating to Twin Butte considered relevant.

*Other Information, Interviews and Discussions relating to Twin Butte:*

- xiv. Various research publications prepared by equity research analysts regarding Twin Butte and certain publicly traded companies considered relevant;
- xv. Various documents relating to strategic alternatives process provided by Twin Butte management and Twin Butte's financial advisors;
- xvi. Market prices and valuation multiples for Twin Butte and comparisons with those of certain publicly traded companies considered relevant;
- xvii. Discussions with members of senior management, the Board and other representatives of Twin Butte with respect to the information referred to herein and other issues considered relevant;
- xviii. Results of operations of Twin Butte and comparisons with those of certain publicly traded companies considered relevant;
- xix. Corporate forecasts prepared by Twin Butte management;
- xx. Information obtained through communication with Twin Butte's management and Twin Butte's financial advisors; and
- xxi. Other financial, market, corporate and industry information, research reports, investigations, discussions and analysis, research considered necessary or appropriate in the circumstances.

Canaccord Genuity has not, to the best of its knowledge, been denied access by Twin Butte to any information requested by Canaccord Genuity. Canaccord Genuity has, subject to the exercise of its professional judgment, assumed the accuracy and fair presentation of and relied upon the foregoing information.

Canaccord Genuity did not meet with the auditors of Twin Butte and has assumed the accuracy and fair presentation of the audited and unaudited financial statements of Twin Butte, and, as applicable, the reports of the auditors thereon. Canaccord Genuity did not meet with the independent reserve engineers of Twin Butte and has assumed the accuracy and fair presentation of the reserve reports of Twin Butte.

**ASSUMPTIONS AND LIMITATIONS**

With Twin Butte's acknowledgment and agreement, and as provided for in the Engagement Agreement, Canaccord Genuity has relied upon all financial and other information that was obtained by it from public sources (including on the System for Electronic Document Analysis and Retrieval) or that was provided to it by Twin Butte and its affiliates or otherwise obtained by Canaccord Genuity, including the certificate identified below. Canaccord Genuity has assumed that this information is complete and accurate, and does not omit to state any material fact or any fact necessary to be stated therein to make that information not misleading. This Fairness Opinion is conditional upon such completeness and accuracy. In accordance with the terms of the Engagement Agreement, but subject to the exercise of Canaccord Genuity's professional judgment, Canaccord Genuity has not conducted any independent investigation to verify the completeness or accuracy of such information.

Senior officers of Twin Butte have represented to Canaccord Genuity, in a certificate delivered as of the date hereof, among other things, that, with the exception of certain forecasts or estimates: (i) the information, data and other materials (oral or written) (the "Information") obtained by Canaccord Genuity from public sources or provided to Canaccord Genuity by or on behalf of Twin Butte and/or its affiliates and representatives was, at the dates the Information was prepared, true and correct and did not contain any untrue statement of a material fact and did not omit to state a material fact necessary to make the Information not misleading in light of the circumstances under which the Information was presented; and (ii) since the dates the Information was prepared, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Twin Butte or its affiliates and no material change has occurred in the Information or any part thereof which would have or which would reasonably be expected to have a material effect on Twin Butte or its affiliates that has not been disclosed to Canaccord Genuity.

Canaccord Genuity has also assumed that the transaction process undertaken by Twin Butte was appropriate. With respect to the operating and financial projections of Twin Butte which were furnished to Canaccord Genuity, Canaccord Genuity has assumed that such projections have been reasonably prepared by Twin Butte on bases reflecting the best currently available estimates and good faith judgments by management of Twin Butte of the future competitive, operating and regulatory environments and related financial performance of Twin Butte. Canaccord Genuity expresses no view as to any such financial projections or the assumptions on which any of them are based.

Canaccord Genuity was not engaged to review any legal, regulatory, tax or accounting aspects of the Arrangement and, accordingly, expresses no view thereon and has assumed the accuracy and completeness of assessments by Twin Butte and its advisors with respect to legal, regulatory, tax and accounting matters, including information disclosed in the Twin Butte management information circular dated July 11, 2016 in connection with the Meeting.

This Fairness Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of this Fairness Opinion.

In preparing this Fairness Opinion, Canaccord Genuity has made several assumptions, including without limitation that: (i) the conditions required to implement the Arrangement will be satisfied or waived; (ii) all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities or third parties required in respect of or in connection with the Arrangement will be obtained, without adverse condition or qualification; and (iii) that all steps or procedures being followed to implement the Arrangement will be valid and effective. Canaccord Genuity has also assumed that all of the representations and warranties contained in the Arrangement Agreement are correct, in all material respects, as of the date hereof and that the Arrangement will be completed substantially in accordance with the terms of the Arrangement Agreement and all applicable laws. In rendering this Fairness Opinion, Canaccord Genuity expresses no view as to the likelihood that the conditions respecting the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the time frame indicated in the Information Circular.

In its analysis and in preparing this Fairness Opinion, Canaccord Genuity has made numerous assumptions with respect to industry performance, general business, financial, market and economic conditions, and other matters, many of which are beyond the control of Canaccord Genuity or any party involved in connection with the Arrangement. While in the opinion of Canaccord Genuity, the assumptions used in preparing this Fairness Opinion are reasonable in the current circumstances, some or all of these assumptions may prove to be incorrect.

This Fairness Opinion has been provided for the exclusive use of the Board and may not be used by any other person or relied upon by any other person without the express written consent of Canaccord Genuity. This Fairness Opinion is given as of the date hereof and Canaccord Genuity disclaims any undertakings or obligation to advise any person of any change in any fact or matter affecting this Fairness Opinion which may come to or be brought to Canaccord Genuity's attention after the date hereof. Without limiting the generality of the foregoing, in the event that there is any material change in any fact or matter after the date hereof, Canaccord Genuity reserves the right to change, modify or withdraw this Fairness Opinion.

Canaccord Genuity believes that its analyses must be considered as a whole and that selecting portions of its analyses and specific factors, without considering all factors and analyses together, could create a misleading view of the process underlying this Fairness Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis. In arriving at this Fairness Opinion, Canaccord Genuity has not attributed any particular weight to any specific analyses or factor but rather based this Fairness Opinion on a number of qualitative and quantitative factors deemed appropriate by Canaccord Genuity based on its experience in rendering such opinions. Furthermore, this Fairness Opinion is not, and should not be construed as, advice as to the price at which the securities of any of the Interested Parties may trade at any future date (whether before or after the completion of the Arrangement) or a recommendation to acquire the securities of any of the Interested Parties.

This Fairness Opinion does not address the relative merits of the Arrangement as compared to other arrangements or business strategies that might be available to Twin Butte, nor does it address the underlying business decision to enter into the Arrangement Agreement. In considering the fairness of the consideration offered to the Twin Butte Debenture Holders pursuant to the Arrangement from a financial point of view, Canaccord Genuity considered the Arrangement from the perspective of Twin Butte Debenture Holders generally and did not consider the specific circumstances of any particular Twin Butte Debenture Holder.

**OPINION**

Based upon and subject to the foregoing and such other matters as Canaccord Genuity considered relevant, Canaccord Genuity is of the opinion that, as of the date hereof, the consideration to be received by Twin Butte Debenture Holders pursuant to the Arrangement is fair, from a financial point of view, to Twin Butte Debenture Holders.

Yours very truly,

*Canaccord Genuity Corp.*

CANACCORD GENUITY CORP.