



2300 Jamieson Place
308 Fourth Avenue SW
Calgary, AB T2P 0H7
Tel: (403) 261 - 4850
www.petersco.com

June 23, 2016

Twin Butte Energy Ltd.
Suite 410, 396 – 11 Avenue SW
Calgary, Alberta T2R 0C5

Attention: The Board of Directors of Twin Butte Energy Ltd.

Dear Sirs:

Peters & Co. Limited (“**Peters & Co.**”, “**we**”, “**our**” or “**us**”) understands that Twin Butte Energy Ltd. (“**Twin Butte**”) and Reignwood Resources Holding Pte. Ltd. (the “**Purchaser**”) propose to enter into an agreement dated June 23, 2016 (the “**Arrangement Agreement**”). The Arrangement Agreement contemplates the acquisition of Twin Butte by the Purchaser by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the “**Arrangement**”) pursuant to which the Purchaser will acquire: (i) all of the issued and outstanding common shares of Twin Butte (“**Common Shares**”), including any Common Shares which are issued upon the exercise of outstanding options or other convertible securities of Twin Butte; and (ii) all of the outstanding 6.25% convertible unsecured subordinated debentures due December 31, 2018 of Twin Butte (“**Debentures**”).

Peters & Co. understands that pursuant to the Arrangement: (i) holders of Common Shares will be entitled to receive consideration (“**Consideration**”) of \$0.06 in cash per Common Share; and (ii) holders of Debentures will be entitled to receive consideration of \$140 in cash per \$1,000 principal amount of Debentures plus accrued and unpaid interest payable thereon up to but excluding the effective date of the Arrangement, as set forth in the Arrangement Agreement and related plan of arrangement. The Arrangement is subject to the terms and conditions of the Arrangement Agreement, including receipt of all applicable approvals.

Peters & Co. understands that all directors and executive officers of Twin Butte have agreed to enter into support agreements (the “**Support Agreements**”) pursuant to which they have agreed to vote the Common Shares and Debentures beneficially owned or controlled by them in favour of the Arrangement.

Engagement of Peters & Co.

Peters & Co. was formally engaged by the board of directors of Twin Butte (the “**Board**”) pursuant to an engagement agreement dated December 3, 2015 (the “**Engagement Agreement**”), to provide certain financial advisory services, including, but not limited to, the potential preparation and provision of a fairness opinion. This opinion (the “**Fairness Opinion**”) as to the fairness, from a financial point of view, of the Consideration to be received by the holders of Common Shares pursuant to the Arrangement is provided pursuant to the Engagement Agreement.

Pursuant to the terms of the Engagement Agreement, Peters & Co. has not been engaged to prepare a formal valuation of any of the assets, shares, options or other securities involved in the Arrangement and this Fairness Opinion should not be construed as such. However, Peters & Co. has performed financial analyses which we considered to be appropriate and necessary in the circumstances and such analyses support the conclusions reached in the Fairness Opinion. The terms of the Engagement Agreement provide that Peters & Co. is to be paid fees for its services as financial advisor, including fees that are

payable upon the completion of the Arrangement. Twin Butte has agreed to indemnify Peters & Co. in respect of certain liabilities which may be incurred by it in connection with the use by Twin Butte and the Board of this Fairness Opinion.

Qualifications of Peters & Co.

Peters & Co. is an independent, fully-integrated investment dealer headquartered in Calgary, Alberta, Canada. The firm specializes in investments in the Canadian energy industry. Peters & Co. was founded in 1971 and is a participating member of the Toronto Stock Exchange, the TSX Venture Exchange, the Canadian Securities Exchange, the Investment Industry Regulatory Organization of Canada, the Investment Industry Association of Canada and the Canadian Investor Protection Fund. Peters & Co. Equities Inc., a wholly-owned subsidiary of Peters & Co., is a member of the Financial Industry Regulatory Authority, the Securities Investor Protection Corporation and the Securities Industry and Financial Markets Association in the United States.

Peters & Co. provides investment services to institutional investors and individual private clients; employs its own sales and trading group; conducts specialized and comprehensive investment research on the oil and natural gas, oilfield services and energy infrastructure industries; and is an active underwriter for, and financial advisor to, companies, trusts and limited partnerships active in the Canadian and international energy industry. Peters & Co. and its principals have participated in a significant number of transactions involving oil and natural gas, oilfield services and energy infrastructure companies, trusts and limited partnerships in Canada and internationally and have acted as financial advisors in a significant number of transactions involving evaluations of, and opinions for, private and publicly-traded companies, trusts and limited partnerships.

The opinion expressed herein is the opinion of Peters & Co. as a firm. The Fairness Opinion has been reviewed and approved for release by certain senior corporate finance principals of Peters & Co., all of whom are experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Relationship of Peters & Co. with Interested Parties

Neither Peters & Co. nor any of its affiliates or associates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of Twin Butte or the Purchaser. Neither Peters & Co. nor any of its affiliates is acting as an advisor to Twin Butte or the Purchaser in connection with any matter, other than acting as a financial advisor to Twin Butte pursuant to the Engagement Agreement.

Peters & Co. acts as a trader and dealer, both as principal and as agent, in all major Canadian financial markets and as such has had, or may have, positions in the securities of Twin Butte from time to time and has executed, or may execute, transactions in the securities of Twin Butte for which it receives compensation. In addition, as an investment dealer, Peters & Co. conducts research on securities and may, in the ordinary course of its business, be expected to provide investment advice to its clients on investment matters, including the Common Shares, the Debentures, and the Arrangement. There are no understandings or agreements between Peters & Co., Twin Butte and/or the Purchaser with respect to any future business dealings.

Scope of Review

In connection with rendering the Fairness Opinion, Peters & Co. has reviewed and relied upon, among other things, the following:

Information Concerning Twin Butte

- (i) a draft of the Arrangement Agreement;
- (ii) a draft of the Support Agreements for certain holders of Common Shares and Debentures;
- (iii) the amended and restated credit agreement of Twin Butte dated January 15, 2016;
- (iv) the amended and restated credit agreement dated June 23, 2016 among Twin Butte, certain financial institutions, as lenders, and National Bank Financial Inc., as lead arranger and sole bookrunner;
- (v) the forbearance and tenth amending agreement dated June 23, 2016 among Twin Butte, certain financial institutions, as lenders, and National Bank Financial Inc., as administrative agent of the lenders;
- (vi) the unaudited financial statements and management's discussion and analysis of Twin Butte for the three month periods ended March 31, 2016 and 2015;
- (vii) the audited financial statements and management's discussion and analysis of Twin Butte for the years ended December 31, 2015 and 2014, together with the notes thereto and the auditors' report thereon;
- (viii) the report prepared by McDaniel & Associates Consultants Ltd. dated February 26, 2016 evaluating the oil, natural gas and natural gas liquid reserves of Twin Butte as at December 31, 2015;
- (ix) the annual information form of Twin Butte dated March 29, 2016 for the year ended December 31, 2015;
- (x) the management information circular of Twin Butte dated March 27, 2015 for the annual meeting of holders of Common Shares held on May 15, 2015;
- (xi) the convertible debenture indenture of Twin Butte dated as of December 13, 2013;
- (xii) the material change report dated June 23, 2016 and the news release dated June 22, 2016 with respect to the extension to the maturity date of Twin Butte's \$85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's \$140 million revolving credit facility;
- (xiii) the material change report dated June 22, 2016 and the news release dated June 21, 2016 with respect to the extension to the maturity date of Twin Butte's \$85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's \$140 million revolving credit facility;
- (xiv) the material change report dated June 10, 2016 and: i) the news release dated June 7, 2016 with respect to the maturity date of Twin Butte's \$85 million non-revolving credit facility not being extended and expiry of the revolving period of Twin Butte's \$140 million revolving credit facility; and ii) the news releases dated June 8 and June 9, 2016 with respect to the extension to the

- maturity date of Twin Butte's \$85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's \$140 million revolving credit facility;
- (xv) the material change report dated June 3, 2016 and the news releases dated May 31, June 1 and June 2, 2016 with respect to the extension to the maturity date of Twin Butte's \$85 million non-revolving credit facility and the expiry of the revolving period of Twin Butte's \$140 million revolving credit facility;
 - (xvi) the material change report dated May 3, 2016 and the news release dated May 2, 2016 with respect to the extension to the maturity date of Twin Butte's \$85 million non-revolving credit facility;
 - (xvii) the material change report dated January 25, 2016 and the news release dated January 15, 2016 with respect to the semi-annual review of Twin Butte's credit facilities;
 - (xviii) the material change report dated December 10, 2015 and the news release dated December 9, 2015 with respect to the suspension of the Twin Butte's monthly dividend;
 - (xix) the material change report dated November 12, 2015 and the news release dated November 11, 2015 with respect to the reduction to Twin Butte's monthly dividend to \$0.00083 per share;
 - (xx) the material change report dated August 13, 2015 and the news release dated August 12, 2015 with respect to the reduction to Twin Butte's monthly dividend to \$0.003 per share;
 - (xxi) the material change report dated May 20, 2014 and the news release dated May 13, 2014 with respect to Twin Butte's results for the three month period ended March 31, 2014 and 2014 revised forecast;
 - (xxii) the internal forecasts of Twin Butte, prepared by management, for the twelve month periods ending December 31, 2016, 2017 and 2018;
 - (xxiii) a schedule of current developed and undeveloped land holdings of Twin Butte;
 - (xxiv) information obtained in various discussions with the senior management and certain other employees of Twin Butte and Twin Butte's legal counsel; and
 - (xxv) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of Twin Butte.

Information Concerning the Purchaser

- (i) information obtained in various discussions with the senior management of the Purchaser, certain other employees of the Purchaser, and the financial advisor to the Advisor with regard to, among other things, the business, current financial condition, and funding arrangements of the Purchaser; and
- (ii) certain other confidential financial, operational, legal, corporate and other information prepared by or provided by the senior management of the Purchaser.

In addition to the information detailed above, Peters & Co. has:

- (i) reviewed certain publicly-available information pertaining to current and expected future oil and natural gas prices, oilfield activity levels and other economic factors;
- (ii) reviewed and considered capital market conditions, both current and expected, for the oil and natural gas industry in general, for exploration and production companies, and for Twin Butte specifically;
- (iii) reviewed the operating and financial performance and business characteristics of Twin Butte relative to the performance and characteristics of select relevant Canadian exploration and production companies;
- (iv) received representations contained in a certificate addressed to us from certain senior officers of Twin Butte as to the completeness and accuracy of the information upon which the Fairness Opinion is based; and
- (v) reviewed other financial, securities market and industry information and carried out such other analyses and investigations as Peters & Co. considered necessary and appropriate in the circumstances.

Peters & Co. was granted access by Twin Butte to its senior management, the Board and legal advisors and was, to the best of our knowledge, provided with all material information.

Assumptions and Limitations

The Fairness Opinion is rendered on the basis of securities market, economic and general business and financial conditions prevailing as at the date hereof and the condition and prospects, financial and otherwise, of Twin Butte and the Purchaser as reflected in the information and documents reviewed by us and as represented to us in our discussions with the senior management of Twin Butte and the Purchaser. In our analyses, numerous assumptions were made with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved.

Peters & Co. has assumed and relied upon the accuracy, completeness and fair presentation of all of the financial and other information, data, advice, other materials, representations and opinions (the “**Information**”) obtained by us from public sources or received from Twin Butte and the Purchaser or their respective consultants or advisors or otherwise pursuant to our engagement, and the Fairness Opinion is conditional upon such completeness, accuracy and fairness. Peters & Co. has not attempted to verify independently the accuracy or completeness of any such Information.

The Arrangement is subject to a number of conditions outside the control of Twin Butte and the Purchaser and we have assumed that all conditions precedent to the completion of the Arrangement can be satisfied in due course and in a reasonable amount of time and all consents, permissions, exemptions or orders of regulatory authorities will be obtained, without adverse conditions or qualifications. In rendering the Fairness Opinion, we express no views as to the likelihood that the conditions with respect to the Arrangement will be satisfied or waived or that the Arrangement will be implemented within the timeframe indicated in the Arrangement Agreement. The Fairness Opinion does not constitute a recommendation as to whether any holders of Common Shares or Debentures should vote in favour of the Arrangement.

Certain senior officers of Twin Butte have represented to us in a certificate that, among other things, the Information provided to us on behalf of Twin Butte, as applicable, is complete and correct at the date such Information was provided, and that since the date of the provision of such Information, there has been no

material change, financial or otherwise, in the position of Twin Butte or its assets, liabilities (contingent or otherwise), business or operations and there has been no change in any material fact which is of a nature so as to render such Information, taken as a whole, untrue or misleading in any material respect. With respect to any financial forecasts and projections provided to Peters & Co. and used in our analyses, we have assumed that they have been reasonably prepared and reflect the best currently available estimates and judgments of the senior management of Twin Butte as to the matters covered thereby, and in rendering the Fairness Opinion, we express no view as to the reasonableness of such forecasts or projections or the assumptions on which they are based.

Fairness Opinion and Reliance

Based upon our analyses and subject to all of the foregoing, Peters & Co. is of the opinion that, as of the date hereof, the Consideration to be received by holders of Common Shares pursuant to the Arrangement is fair, from a financial point of view, to the holders of Common Shares.

This Fairness Opinion may be relied upon by the Board solely for the purposes of considering the Arrangement and its recommendation to the holders of Common Shares with respect to the Arrangement and may not be published, reproduced, disseminated, quoted from, or referred to, in whole or in part, or be used or relied upon by any person, or for any other purpose, without our express prior written consent.

Yours truly,

"Peters & Co. Limited"

PETERS & CO. LIMITED