MATERIAL CHANGE REPORT

1. Name and Address of Reporting Issuer:

Twin Butte Energy Ltd. ("**Twin Butte**")
Suite 415, 311 – 6th Avenue S.W.
Calgary, Alberta T2P 3H2

2. Date of Material Change:

December 4, 2008.

3. News Release:

A news release disclosing the details discussed in this Material Change Report was issued by Twin Butte on December 4, 2008 and disseminated through the facilities of a recognized news wire service.

4. Summary of Material Change:

Twin Butte entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. and including Canaccord Capital Corporation, Peters & Co. Limited, Tristone Capital Inc., Research Capital Corporation and GMP Securities L.P. (collectively, the "**Underwriters**") pursuant to which the Underwriters have agreed to purchase 3,704,000 common shares ("**Flow-Through Shares**") of Twin Butte to be issued on a "flow-through" basis pursuant to the *Income Tax Act* (Canada) on an underwritten private placement basis at a price of $1.35 per Flow-Through Share for aggregate gross proceeds of $5,000,400.

The private placement is scheduled to close on or about December 18, 2008 and is subject to customary regulatory approvals.

5. Full Description of Material Change:

Twin Butte entered into an agreement with the Underwriters pursuant to which the Underwriters have agreed to purchase 3,704,000 Flow-Through Shares on an underwritten private placement basis at a price of $1.35 per Flow-Through Share for aggregate gross proceeds of $5,000,400. The private placement is scheduled to close on or about December 18, 2008 and is subject to customary regulatory approvals.

The proceeds from the financing will be used to incur Canadian Exploration Expenses on the continuing exploration of Twin Butte's oil and natural gas properties prior to December 31, 2009.

6. Reliance on subsection 7.1(2) or (3) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business numbers of the executive officer of Twin Butte who is knowledgeable of the material change and this report is:

R. Alan Steele, Vice-President, Finance, Chief Financial Officer and Corporate Secretary

Telephone: (403) 215-2962
Facsimile: (403) 215-2055

9. Date of Report:

This report is dated December 9, 2008.

cc: Toronto Stock Exchange