

FORM 51-102F3
MATERIAL CHANGE REPORT

1. Name and Address of Company:

Twin Butte Energy Ltd. ("**Twin Butte**" or the "**Company**")
Suite 410, 396 – 11th Avenue S.W.
Calgary, Alberta T2R 0C5

2. Date of Material Change:

November 1, 2012.

3. News Release:

A news release was issued on November 1, 2012 by the Company and disseminated through the facilities of a recognized news wire service.

4. Summary of Material Change:

The Company completed the acquisition of Waseca Energy Inc. ("**Waseca**") pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Acquisition**"). Waseca, which was amalgamated with Twin Butte following the completion of the Acquisition, was a private company with all of its production being heavy oil from properties located within 100 kilometres of the City of Lloydminster, Alberta. The Acquisition materially increases the size and scope of heavy oil lands and opportunities for Twin Butte. Pursuant to the Acquisition, Twin Butte paid approximately \$136 million (including the assumption of approximately \$10.0 million of positive working capital and after accounting for estimated transaction costs) and issued approximately 30.2 million common shares to acquire all of the outstanding securities of Waseca.

5. Full Description of Material Change:

5.1 – Full Description of Material Change:

The Company completed the Acquisition pursuant to a plan of arrangement under the *Business Corporations Act* (Alberta). Waseca, which was amalgamated with Twin Butte following the completion of the Acquisition, was a private company with all of its production being heavy oil from properties located within 100 kilometres of the City of Lloydminster, Alberta. The Acquisition materially increases the size and scope of heavy oil lands and opportunities for Twin Butte. Pursuant to the Acquisition, Twin Butte paid approximately \$136 million (including the assumption of approximately \$10.0 million of positive working capital and after accounting for estimated transaction costs) and issued approximately 30.2 million common shares to acquire all of the outstanding securities of Waseca. After giving effect to the Acquisition, approximately 247.6 million common shares of Twin Butte are outstanding. In connection with the completion of the Acquisition, Twin Butte's credit facility was increased from \$240 million to \$280 million and was converted from a demand to a committed facility that will be initially available on a revolving basis until April 30, 2013 (extendible annually at the request of Twin Butte for a further 364 days, subject to approval of the lenders) and will be repayable one year after the expiry of the revolving period.

Twin Butte also increased its monthly dividend by 6.7 percent from \$0.015 to \$0.016 per issued and outstanding common share. The increased dividend which is an eligible dividend for Canadian income tax purposes will be payable on December 14, 2012 to shareholders of record on November 30, 2012.

5.2 – Disclosure for Restructuring Transactions:

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

The name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this material change report is:

Alan Steele, Vice President, Finance, Chief Financial Officer and Corporate Secretary
Tel: (403) 215-2692

9. Date of Report:

November 1, 2012.

Forward-Looking Statement Advisory

In the interest of providing Twin Butte's shareholders and potential investors with information regarding Twin Butte, including management's assessment of the future plans and operations of Twin Butte, certain statements contained in this material change report constitute forward-looking statements or information (collectively "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements are typically identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target" and similar words suggesting future events or future performance. In particular, this material change report contains, without limitation, forward-looking statements pertaining to the following: expectations of management regarding the Acquisition, including synergies resulting from the Acquisition and the effect of the Acquisition on Twin Butte, and future dividends.

With respect to forward-looking statements contained in this material change report, Twin Butte has made assumptions regarding, among other things, the ability of Twin Butte to execute and realize on the anticipated benefits of the Acquisition. Although Twin Butte believes that the expectations reflected in the forward looking statements contained in this material change report, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this material change report, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature,

forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause Twin Butte's actual performance and financial results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, the following: incorrect assessment of the value of the Acquisition; failure to realize the anticipated benefits and synergies of the Acquisition; volatility in market prices for oil and natural gas; the general economic conditions in Canada, the United States of America and globally; and the other factors described under "Risk Factors" in Twin Butte's most recently filed Annual Information Form available in Canada at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this material change report speak only as of the date of this material change report. Except as expressly required by applicable securities laws, Twin Butte does not undertake any obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this material change report are expressly qualified by this cautionary statement.