Treasury Offering of Convertible Debentures

Term Sheet **November 25, 2013**

A preliminary short form prospectus containing important information relating to the securities described in this document has not yet been filed with the securities regulatory authorities in each of the provinces and territories of Canada. A copy of the preliminary short form prospectus is required to be delivered to any investor that received this document and expressed an interest in acquiring the securities.

There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final short form prospectus has been issued.

This document does not provide full disclosure of all material facts relating to the securities offered. Investors should read the preliminary short form prospectus, final short form prospectus and any amendment, for disclosure of those facts, especially risk factors relating to the securities offered, before making an investment decision.

Issuer:	Twin Butte Energy Ltd. ("Twin Butte" or the "Company").
Offering:	Treasury offering of Convertible Unsecured Subordinated Debentures (the "Convertible Debentures").
Amount:	$85,000,000.
Issue Price:	$1,000 per Convertible Debenture.
Coupon:	6.25% per annum payable semi-annually on the last day of June and December in each year commencing June 30, 2014. The June 30, 2014 interest payment will represent accrued interest for the period from the Closing Date to June 30, 2014. Unless an Event of Default has occurred and is continuing, the Company may elect, from time to time, subject to applicable regulatory approval, to satisfy the obligation to pay interest on the Convertible Debentures, on the date it is payable under the Indenture (i) in cash; (ii) by delivering treasury Common Shares to the Trustee for sale, in which event holders of the Convertible Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares; or (iii) any combination of (i) and (ii) above. Neither the Company's making of such election nor the consummation of sales of Common Shares will (a) result in the holders of Convertible Debentures not being entitled to receive the full amount of interest due on any interest payment date, or (b) entitle such holders to receive any Common Shares in satisfaction of the Company's obligation to pay interest on the Convertible Debentures.
Maturity Date:	December 31, 2018.
Use of Proceeds:	The proceeds received by the Company from the sale of the Convertible Debentures will be used to repay outstanding indebtedness under the Company's senior secured credit facility.
Conversion:	The Convertible Debentures will be convertible at the holder's option into fully-paid, freely tradable Common Shares of the Company at any time prior to the earlier of Maturity and the business day immediately preceding the date fixed for redemption by the Company at a conversion price of $3.05 per Common Share (the "Conversion Price"), representing an approximate 40.0% conversion premium. The Conversion Price shall be subject to standard anti-dilution adjustments upon, among other things, share consolidations, share splits, spin-off events, rights issues, reorganization and for any dividends or distributions paid to common shareholders, other than dividends paid in the ordinary course (including in connection with the Company's dividend reinvestment plan and stock dividend program). If a holder elects to convert its Convertible Debentures in connection with a Change of Control that occurs prior to Maturity, the holder will be entitled to receive

	additional Common Shares as a make-whole premium on conversion in certain circumstances as provided below under Change of Control.
Redemption:	The Convertible Debentures will not be redeemable prior to December 31, 2016. On or after December 31, 2016 and prior to December 31, 2017, the Convertible Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest, provided that the Current Market Price on the date on which the notice of redemption is given is not less than 125% of the Conversion Price. On or after December 31, 2017 and prior to the Maturity Date, the Convertible Debentures may be redeemed in whole or in part at the option of the Company on not more than 60 days and not less than 30 days prior notice at a price equal to their principal amount plus accrued and unpaid interest.
Payment upon Redemption or Maturity:	The Company has the option to satisfy its obligation to repay the principal amount of the Convertible Debentures, in whole or in part, due upon redemption or at maturity upon at least 40 days' and not more than 60 days' prior notice, by delivering that number of freely tradable Common Shares obtained by dividing the principal amount of the Convertible Debentures by 95% of the Current Market Price on the date of redemption or maturity, as applicable.
Current Market Price:	Current Market Price is defined as the volume weighted average trading price of the Common Shares on the TSX for the 20 consecutive trading days ending five trading days prior to the applicable date.
Change of Control:	Upon a change of control involving the acquisition of voting control over 50% or more of the then outstanding Common Shares, the Company shall be required to purchase any Convertible Debentures then outstanding tendered by any Debentureholders pursuant to an offer to purchase by the Company within 30 days from such change of control at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest. Additionally, if a Change of Control occurs in which 10% or more of the consideration for the Common Shares in the transaction or transactions constituting a Change of Control consists of: (i) cash; (ii) equity securities that are not traded or intended to be traded immediately following such transactions on a recognized stock exchange; or (iii) other property that is not traded or intended to be traded immediately following such transactions on a recognized stock exchange, then, subject to regulatory approvals, during the period beginning ten trading days before the anticipated date on which the Change of Control becomes effective and ending 30 days after the Change of Control purchase offer is delivered, holders of Convertible Debentures will be entitled to convert their Convertible Debentures and, subject to certain limitations, receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per $1,000 principal amount of Convertible Debentures as set forth in the Indenture.

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Ranking:	The Convertible Debentures will be direct, subordinated unsecured obligations of the Company and will rank equally with one another and with all other existing and future subordinated unsecured indebtedness of the Company. The Indenture will not restrict the Company or its subsidiaries from incurring additional indebtedness or from mortgaging, pledging or charging its properties to secure any indebtedness or liabilities. The payment of the principal and premium, if any, of and interest on, the Convertible Debentures will be subordinated in right of payment, as set forth in the Indenture, to the prior payment in full of all senior indebtedness of the Company. The Indenture will provide that in the event of any insolvency or other similar proceedings relative to the Company, or to its property or assets, then the holders of senior indebtedness will receive payment in full before the holders of Convertible Debentures will be entitled to receive any payment or distribution of any kind or character, whether in cash, property or securities, which may be payable or deliverable in any such event in respect of any of the Convertible Debentures or any unpaid interest accrued thereon.
Purchase for Cancellation:	The Company may purchase Convertible Debentures for cancellation in the market or by tender or private contract at any time subject to regulatory requirements.
Form of Offering:	Public offering, eligible for sale in all provinces of Canada except Quebec pursuant to a short-form prospectus and into the United States via Rule 144A under the *U.S. Securities Act of 1933*.
Form of Underwriting:	Bought deal, subject to a mutually acceptable underwriting agreement containing, without limitation, “Disaster Out”, “Regulatory Out”, and “Material Adverse Change Out” clauses running until closing.
Listing:	Application will be made to list the Convertible Debentures and the Common Shares issuable upon conversion, redemption or maturity of the Convertible Debentures on the TSX. The Common Shares are listed on the TSX under the symbol “TBE”.
Eligibility:	Eligible under the usual statutes and for RRSPs, RRIFs, RESPs, DPSPs, RDSPs and TFSAs.
Bookrunners:	National Bank Financial Inc. and Peters & Co. Limited
Commission:	4.00%
Closing:	On or about December 13, 2013.