

CALGARY, March 22, 2016 /CNW/ - **(TSX: TBE)** – Twin Butte Energy Ltd. ("**Twin Butte**" or the "**Company**") is pleased to report financial and operational results for the three and twelve months ended December 31, 2015, along with year-end reserves and an operational update.

Cash flow for the year of \$178 million was materially supported by the Company's strong 2015 oil hedge book, and exceeded guidance largely due to the 11% annual per boe reduction in corporate operating and transportation costs.

Twin Butte continues to work cooperatively and proactively with our lending syndicate to ensure adequate liquidity is maintained through the previously announced and ongoing strategic alternatives process. The Company is pleased with the interest in the process to date and will disclose specific developments when the Board of Directors has approved a specific transaction or otherwise determined that disclosure is necessary or required.

- Generated \$178 million of funds flow, (\$0.50/share).
- Reduced net debt by 19% or \$65.4 million from \$353.3 million at December 31, 2014 to \$287.9 million at December 31, 2015.
- Completed a reduced organic capital program of \$80 million (\$78 million net of dispositions), including the drilling of 49 gross (49 net) wells, results of which increased the Company's potential horizontal inventory to over 800 wells.
- Initiated water flood operations at our Freemont property.
- Produced an average of 17,052 boe per day for the year (15,444 boe per day in Q4)
- Returned \$29 million dollars to shareholders through dividends.

Three months ended December 31 Twelve months ended December 31

	2015	2014	% Change	2015	2014	% Change
Financial(\$ 000's, except per share amounts)						
Petroleum and natural gas sales	45,162	110,219	-59%	240,770	555,073	-57%
Funds flow ⁽¹⁾	32,923	54,324	-39%	178,123	207,927	-14%
Per share basic	0.09	0.16	-44%	0.50	0.60	-17%
Per share diluted	0.09	0.16	-44%	0.50	0.60	-17%
Net income (loss)	(249,252)	(84,086)	-196%	(336,932)	(57,340)	-488%
Per share basic	(0.70)	(0.24)	-192%	(0.95)	(0.17)	-459%
Per share diluted	(0.70)	(0.24)	-192%	(0.95)	(0.17)	-459%
Dividends declared	2,124	17,394	-88%	28,997	67,304	-57%
Dividends declared, Post DRIP	2,124	14,482	-85%	28,454	58,950	-52%
Capital expenditures ⁽¹⁾	9,402	34,128	-72%	78,039	137,627	-43%
Net debt ⁽¹⁾	287,874	353,299	-19%	287,874	353,299	-19%
Operating						
Average daily production						
Medium & light crude oil (bbl per day)	7,460	9,776	-24%	7,884	11,185	-30%
Heavy crude oil (bbl per day)	6,256	8,553	-27%	7,145	7,870	-9%
Natural gas (Mcf per day)	9,557	13,849	-31%	11,290	12,616	-11%
Natural gas liquids (bbl per day)	135	(207)	165%	141	98	44%
Barrels of oil equivalent (boe per day, 6:1)	15,444	20,430	-24%	17,052	21,256	-20%
% Oil and NGLs	90%	89%	1%	89%	90%	-1%
Average sales price						
Medium & light crude oil (\$ per bbl)	36.83	60.78	-39%	43.91	74.18	-41%
Heavy crude oil (\$ per bbl)	30.22	66.17	-54%	38.76	80.01	-52%
Natural gas (\$ per Mcf)	2.30	4.54	-49%	2.65	4.47	-41%
Natural gas liquids (\$ per bbl)	37.40	120.82	-69%	47.01	50.43	-7%
Barrels of oil equivalent (\$ per boe, 6:1)	31.79	58.64	-46%	38.68	71.54	-46%
Field netback (\$ per boe) ⁽¹⁾						
Petroleum and natural gas sales	31.79	58.64	-46%	38.68	71.54	-46%
Royalties	(2.04)	(8.92)	-77%	(4.03)	(12.95)	-69%
Operating expenses	(19.18)	(20.89)	-8%	(18.91)	(21.19)	-11%
Transportation expenses	(0.91)	(1.09)	-17%	(0.90)	(1.09)	-17%
Field netback ⁽¹⁾	9.66	27.74	-65%	14.84	36.31	-59%
Cash gain (loss) on financial derivatives	17.36	4.87	256%	18.10	(5.63)	421%
Operating netback ⁽¹⁾	27.02	32.61	-17%	32.94	30.68	7%
Wells drilled						

Gross	7.0	19.0	-63%	49.0	109.0	-55%
Net	7.0	18.0	-61%	49.0	105.7	-54%
Success (%)	100	100	0%	98	97	1%

Common Shares

Shares outstanding, end of period	354,122,806	351,794,723	1%	354,122,806	351,794,723	1%
Weighted average shares outstanding – diluted	354,044,207	350,507,629	1%	353,543,644	347,340,214	2%

(1) Funds flow, Capital expenditures, Net debt, Field netback and Operating netback are non-GAAP measures. Refer to the Reader Advisory.

Corporate:

2015 was a year of significant positive transition for Twin Butte continuing the evolution to a horizontal medium and heavy oil drilling focus from its historical vertical heavy oil asset base.

Due to the sharp drop in commodity prices through the year and the Company's focus on decreasing debt and managing its liquidity, Twin Butte, reduced capital, reduced salaries, and first reduced then suspended the monthly dividend. These were all difficult but necessary decisions.

Financial:

Twin Butte's full year 2015 financial and operating results were boosted as a result of the hedging program in spite of the falling commodity prices through the year. The hedging support allowed the Company to carry out a reduced capital program, pay out a modest dividend and pay down debt substantially. The Company paid \$29 million in dividends (\$28.5 million post DRIP) in 2015 which when combined with net organic capital spending of \$78 million, generated an all-in payout ratio of 60%. At year-end 2015, the Company's net debt decreased to approximately \$288 million, from \$353 million at December 31, 2014.

Funds flow for 2015 decreased from 2014 by 14% (17% per share), reaching \$178 million as a result of lower average sales prices which were down 46% on a BOE basis and production which decreased by 20% as a result of natural declines, the reduced capital program and economic shut-ins, partially offset by lower than anticipated operating costs.

Twin Butte's commodity hedging strategy, provided realized cash gains of \$112.6 million in 2015, providing the Company with cash flow protection through the low commodity prices of 2015. The Company does not have the same level of hedge coverage moving into 2016 and as such will see a large reduction to cash flows at current commodity pricing.

Operations:

The Company's 2015 capital investment of \$80 million (\$78 million net of dispositions) was focused on horizontal drilling and infrastructure expansion in its medium oil Provost and heavy oil Lloydminster areas. The capital program included the drilling of 49 gross wells (49 net) of which 39 were horizontal oil wells, along with 4 vertical oil wells, 5 service wells and 1 D&A vertical.

Production averaged 17,052 boe/d in 2015, down 20% from the 2014 average of 21,256 boe/d. Fourth quarter 2015 production averaged 15,444 boe/d. Due to current low commodity prices, the Company has over 1000 boe/d shut in.

In the Provost area, development focused on the Sounding Lake South Sparky horizontal project with the drilling of 13 wells and construction of a new fit-for-purpose oil battery, the expansion of the Lithic channel play with the drilling of 8 multistage frac'd horizontal wells and 2 open hole multilateral horizontal wells and infill drilling in the Dina-Cummings project. Per well drill and completion costs dropped materially, as compared to the previous fiscal year. Despite lower commodity prices Twin Butte continued to consolidate land positions in key areas through the year.

Across the Lloydminster area, activity focused on testing the drilling of unlined horizontal single and dual laterals. Success was achieved across multiple areas particularly in Saskatchewan. Drilling and completion costs dropped over 40% compared to 2014 with additional potential savings identified. Similar to Provost, key land positions were consolidated leveraging off the Company's technology advancements.

Preliminary work on several long term water flood projects was initiated including the startup of injection on the Freemont waterflood. These projects deliver excellent returns through improved oil recovery and will be part of the Company's long term objective to reduce corporate decline rates.

Reserves:

Twin Butte's year end 2015 reserve report, as evaluated by McDaniel & Associates Consultants Ltd ("McDaniel"), with an effective date of December 31, 2015 and prepared in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook, demonstrates strong bookings for new drilled wells across the asset base but with the reduced capital budget and economic factors, total reserves declined in both the proved and probable categories. The proved category saw strong positive technical revisions of 4.9 MMBOE showing continued improvements in the base production and lower operating costs.

Twin Butte's horizontal heavy oil development delivered new reserves efficiently with the 11 wells drilled in this region replacing 91% of production. Before economic factors, proved plus probable Lloydminster heavy area reserves decreased from 20.5 MMBOE to 18.3 MMBOE.

In aggregate, total 2P reserves, impacted by the low oil prices driving economic factor revisions, decreased approximately 5.9 MMBOE from 61.2 to 55.3 MMBOE. Excluding these economic factors, reserve replacement on a proved plus probable basis was 81%.

Core Areas – Reserves Reconciliation, Netback Analysis, and F&D and Recycle Ratio

	Proven Company (Mboe)	NPV10 (\$MM)	Proven plus Probable Company (Mboe)	NPV10 (\$MM)
Reconciliation				
December 31, 2014	36,264	\$547	61,222	\$982
Extensions and Improved Recovery	2,105		2,910	
Technical Revisions	4,947		2,173	
Discoveries	-		-	
Acquisitions	69		88	
Dispositions	(39)		(64)	
Economic Factors	(4,616)		(4,714)	
Production	(6,314)		(6,307)	
December 31, 2015	32,415	\$312	55,307	\$600

Netback Analysis

Revenue (\$/boe)	-	38.68
Royalties (\$/boe)	-	(4.03)
Op + Trans. Costs (\$/boe)	-	(19.81)
Operating Netback (\$/boe)	-	14.84

2015 Capital (\$MM)	-	78.0
Corporate Netback (\$/boe)	-	28.62
Change in FDC (\$MM)		
Drills and Additions	(13)	(12)
Revisions	(43)	(53)
Total	(56)	(65)

F&D and Recycle Ratio	Proven		Proven plus Probable	
	F&D Recycle		F&D	Recycle
Additions (Incl change in FDC)	\$30.76	0.9	\$22.83	1.3
Adds + Tech Rev (Incl change in FDC)	\$3.12	9.2	\$2.63	10.9
FD&A (Incl change in FDC)	\$8.94	3.2	\$34.03	0.8

Reserve Replacement

Excluding Revisions	34%	46%
Including Revisions	112%	81%

(1) Refer to the Company's Annual Information Form for details on McDaniel's year end 2015 price forecast, refer to the 2014 Annual information form for McDaniel's year end 2014 price forecast.

(2) See "Reader Advisory" for a description of finding, development and acquisition costs and recycle ratios.

The Company's reserves data set forth below is based on an evaluation and review completed by the independent reserve engineering firm, McDaniel, with an effective date of December 31, 2015.

Summary of Total Company Reserves

Reserve Category	Forecast Prices and Costs					
	Light and Medium Crude Oil		Heavy Oil		Natural Gas Liquids	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
	(Mbl)	(Mbl)	(Mbl)	(Mbl)	(Mbl)	(Mbl)
Proved						
Developed Producing	3,004.2	2,880.1	11,640.1	10,611.2	959.9	651.5
Developed Non-Producing	11.1	11.1	1,275.1	1,162.4	241.6	162.4
Undeveloped	841.9	749.4	6,729.7	5,974.5	183.0	133.2
Total Proved	3,857.2	3,640.6	19,644.9	17,798.2	1,384.6	947.2
Probable	2,355.3	2,080.0	16,832.6	14,645.3	479.7	332.2
Total Proved Plus Probable	6,212.5	5,720.6	36,477.5	32,443.5	1,864.3	1,279.4

Total Proved Plus Probable						
Developed Producing	4,013.2	3,808.1	15,667.2	14,236.5	1,128.4	767.2

Reserve Category	Forecast Prices and Costs			
	Natural Gas		Oil Equivalent ⁽³⁾	
	Gross ⁽¹⁾	Net ⁽²⁾	Gross ⁽¹⁾	Net ⁽²⁾
	(MMcf)	(MMcf)	(Mboe)	(Mboe)
Proved				
Developed Producing	32,062.7	27,330.2	20,948.0	18,748.0
Developed Non-Producing	5,681.8	4,712.7	2,474.8	2,121.4
Undeveloped	7,425.1	6,245.8	8,992.1	7,898.1
Total Proved	45,169.7	38,288.7	32,414.9	28,767.5
Probable	19,348.0	16,140.0	22,982.3	19,747.5
Total Proved Plus Probable	64,517.7	54,428.6	55,307.2	48,514.9

Total Proved Plus Probable				
Developed Producing	38,806.7	33,009.3	27,276.6	24,313.3

(1) "Gross" reserves means the total working interest share of remaining recoverable reserves owned by Twin Butte before deductions of royalties payable to others.

(2) "Net" reserves means Twin Butte gross reserves less all royalties payable to others.

(3) "Oil Equivalent" amounts have been calculated using a conversion of six thousand cubic feet of natural gas to one barrel of oil. BOEs may be misleading, particularly if used in isolation.

A boe conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6 mcf: 1 bbl, utilizing a conversion ratio of 6 Mcf: 1 bbl may be a misleading indication of value.

(4) Numbers in tables may not add due to rounding.

Summary of Net Present Value of Future Net Revenue ⁽¹⁾

As at December 31, 2015

Before Income Taxes and Discounted at (%/year)

Reserve Category	0%	5%	10%
	(\$000s)	(\$000s)	(\$000s)
Proved			
Developed Producing	297,772	248,842	220,787
Developed Non-Producing	40,893	23,514	17,379
Undeveloped	140,269	100,650	73,936
Total Proved	478,935	373,006	312,102
Probable	539,552	380,284	287,771
Total Proved Plus Probable	1,018,486	753,290	599,874
Total Proved Plus Probable Developed Producing	463,703	365,292	309,386

(1) Based on McDaniel forecast prices and costs.

Capital Expenditures ⁽¹⁾

Type	2015 Capital Expenditures \$(000's)
Land	3,062
Seismic	1,395
Drilling & Completions	36,446
Equipping & Facilities	33,655
G&A and Other	5,659
Total Development Costs	80,217
Dispositions	(2,178)
Total Capital	78,039

(1) Capital expenditures is a non-GAAP measure calculated as the purchase or sale price of an asset, plus development capital expenditures added to PP&E

Net Asset Value

The following net asset value ("NAV") table shows a NAV calculation under which the Company's reserves would be produced at forecast future prices and costs. The value is a snapshot in time and is based on various assumptions, including commodity prices and foreign exchange rates that vary over time. It should not be assumed that the NAV per share represents the fair market value of Twin Butte shares. The calculations below do not reflect the value of the Company's prospect inventory to the extent that the prospects are not recognized within the NI 51-101 compliant reserve assessment.

Using Twin Butte's Reserve Value at December 31, 2015 – Forecast Pricing and Costs (Pre-tax)

(\$MM except as noted)

	10%
Proved plus Probable Reserve Value	599.9
Undeveloped Land Value ⁽¹⁾	52.5
Net Debt ⁽²⁾	(287.9)
Option Proceeds	1.1
Basic Shares Outstanding (MM)	354.1
Estimated Net Asset Value \$ per Share - Basic	1.03
Fully Diluted Shares Outstanding (MM)	372.5
Estimated Net Asset Value \$ per Share – Fully Diluted	0.98

(1) Independent assessment of 247,096 net undeveloped acres at an average price of \$211/acre.

(2) Net debt is a non-GAAP measure representing the total of bank indebtedness, accounts payable and accrued liabilities, less accounts receivables, deposits and prepaids.

Outlook

Twin Butte has continued to successfully transition to a higher value, more predictable production base. With adequate liquidity, a large portion of Twin Butte's undeveloped asset base has the potential to be economically developed at WTI prices above \$40 US per barrel.

With the current low price environment and repayment of the Company's \$85 million non-revolving credit facility required by April 30, 2016, the Company is

currently operating within a \$17 million capital budget for 2016 (under \$4.5 million in Q1) which currently includes the drilling of only one well. As such production is expected to continue to decline throughout the year exiting in the 10,000 boe/d range.

Within the context of the ongoing strategic alternatives process, current low oil price environment and the April 30, 2016 debt repayment milestone, there is uncertainty surrounding the Company's ability to continue as a going concern. While the Company is in discussions with its lenders, failure to repay the non-revolving facility when due (unless otherwise extended) will constitute an event of default and entitle the syndicate to exercise its remedies under the credit facility, including acceleration of the credit facility and realization over the assets of the Company. The Management and Board of Directors remain focused on reaching a fair solution to the current liquidity challenges for all stakeholders.

In these challenging times we have had to reduce staff counts and decrease compensation for everyone, while improving efficiencies as the Company adapts to this lower for longer commodity price environment. On behalf of the directors and management of Twin Butte, I would like to thank all our employees and field contractors for their efforts, insights and results.

About Twin Butte:

Twin Butte Energy Ltd. is a value oriented intermediate producer with a significant low risk, high rate of return drilling inventory focused on large original oil and gas in place play types. With a stable low decline production base, Twin Butte is positioned to provide shareholders with growth potential over the long term. Twin Butte is committed to continually enhance its asset quality while focusing on the sustainability of its dividend. The common shares of Twin Butte are listed on the TSX under the symbol "TBE".

Reader Advisory

Forward-Looking Statements

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 news release 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 but without limiting the foregoing, this news release contains forward-looking statements pertaining to the following: future operational activities, planned expenditure amounts (and timing thereof); funds flow and cash flow forecasts; the volumes and estimated value of Twin Butte's oil and natural gas reserves; the life of Twin Butte's reserves; the volume and product mix of Twin Butte's oil and natural gas production; estimated drilling locations; estimated future production levels; matters with respect to the Company's debt requirements; estimates of the Company's net asset value (including per share); assessment of the economics of certain of the Company's assets; future oil and natural gas prices; future operational activities; future results from operations and operating metrics, including future production growth and other matters set forth under the heading "Outlook" herein, including estimated budget levels and targeted pay-out ratio in respect of the payment of dividends. In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and can be profitably produced in the future.

With respect to forward-looking statements contained in this news release, Twin Butte has made assumptions regarding, among other things: future capital expenditure levels; future oil and natural gas prices and differentials between light, medium and heavy oil prices; results from operations including future oil and natural gas production levels; future exchange rates and interest rates; Twin Butte's ability to obtain equipment in a timely manner to carry out development activities; Twin Butte's ability to continue as a going concern; decline rates based on analogous information; its ability to market its oil and natural gas successfully to current and new customers; the impact of increasing competition; Twin Butte's ability to obtain financing on acceptable terms; and Twin Butte's ability to add production and reserves through its development and exploitation activities. Although Twin Butte believes that the expectations reflected in the forward looking statements contained in this news release, 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 news release, 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: the risks associated with the oil and gas industry; commodity prices; the risk that Twin Butte may be in default of its credit facility; the risk that Twin Butte's strategic alternatives process may not result in an acceptable transaction (or at all) on the timeframes anticipated; operational risks in exploration; development and production; delays or changes in plans; risks associated with the uncertainty of reserve estimates; health and safety risks, and; the uncertainty of estimates and projections of production, costs and expenses. volatility in market prices for oil and natural gas; general economic conditions in Canada, the U.S. 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. The recovery and reserve estimates of Twin Butte's reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking statements contained in this news release speak only as of the date of this news release. 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 news release are expressly qualified by this cautionary statement.

DRILLING LOCATIONS: *This press release discloses drilling locations in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from the Company's most recent independent reserves evaluation as prepared by McDaniel as of December 31, 2015 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the Company's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the drilling locations identified herein, 116 are proved locations, 40 are probable locations and 644 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, the majority of other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.*

Barrels of Oil Equivalent

Barrels of oil equivalents (boe) may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl (barrel) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indicated value.

Funds Flow from Operations

The reader is cautioned that this news release contains the term funds flow from operations, which is not a recognized measure under generally accepted

accounting principles ("GAAP") and is a measure that represents the total of cash provided by operating activities, before adjusting for changes in non-cash working capital items and expenditures on decommissioning liabilities. Management uses this measure in order to assist them in understanding Twin Butte's liquidity and its ability to generate funds to finance its operations. The term funds flow from operations or funds flow should not be considered an alternative to, or more meaningful than, cash flow from operating activities as determined in accordance with GAAP as an indicator of the Company's performance. Twin Butte's method of calculating this measure may differ from other companies, and accordingly, may not be comparable to measures used by other companies.

Capital Expenditures

The reader is cautioned that this news release contains the term Capital Expenditures, which is not a recognized measure under generally accepted accounting principles ("GAAP") and is a measure that represents the total of expenditures on property and equipment, expenditures on exploration and evaluation assets, proceeds on disposition of property and equipment and proceeds on disposition of exploration and evaluation assets, as per the Statement of Cash Flows. Management uses this measure in order to assist them in understanding Twin Butte's cash used in investing activities. Twin Butte's method of calculating this measure may differ from other companies, and accordingly, may not be comparable to measures used by other companies.

Corporate and Operating Netback

The reader is also cautioned that this news release contains the terms corporate and operating netback, which are not recognized measures under GAAP. Corporate Netback is calculated as operating netback less interest and general and administration expense and divided by total production. Management uses these measures to assist them in understanding Twin Butte's profitability relative to current commodity prices and they provide an analysis tool to benchmark changes in operational performance against prior periods and to peers on a comparable basis. Readers are cautioned, however, that this measure should not be construed as an alternative to other terms such as net income determined in accordance with GAAP as a measure of performance. Twin Butte's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to measures used by other companies.

Net Debt

The reader is cautioned that this news release contains the term net debt, which is not a recognized measure under GAAP and is calculated as bank debt, convertible debentures, and adjusted for working capital excluding mark-to-market derivative contracts. Working capital excluding mark-to-market derivative contracts is calculated as current assets less current liabilities both of which exclude derivative contracts and current liabilities excludes the current portion of debt. Management uses net debt to assist them in understanding Twin Butte's liquidity at specific points in time. Mark-to-market derivative contracts are excluded from working capital, in addition to net debt, as management intends to hold each contract through to maturity of the contract's term as opposed to liquidating each contract's fair value or less.

Future Oriented Financial Information

This news release, in particular the information in respect of anticipated cash flows, may contain Future Oriented Financial Information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management of the Company to provide an outlook of the Company's activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions including the assumptions discussed under the heading "Forward-Looking Statements" and assumptions with respect to production rates and commodity prices. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variation may be material. The Company and its management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments.

This press release contains a number of additional oil and gas metrics, including finding, development and acquisition costs and recycle ratio, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies. Such metrics have been included herein to provide readers with additional measures to evaluate the Company's performance; however, such measures are not reliable indicators of the future performance of the Company and future performance may not compare to the performance in previous periods. Finding, development and acquisition costs are used as a measure of capital efficiency. The calculation includes all capital costs (exploration, development and acquisition capital) for that period plus the change in future development capital for that period. This total capital including the change in the future development capital is then divided by the change in reserves for that period incorporating all revisions and production for that same period. The recycle ratio was calculated by dividing operating netback per boe by the finding, development and acquisition costs for the year.

SOURCE Twin Butte Energy Ltd.

%SEDAR: 00001562E

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