

Twin Butte Announces that Leading Independent Proxy Advisory Firms ISS and Glass Lewis Recommend Shareholders of Twin Butte Vote for the Arrangement and Provides Operations Update

CALGARY, July 27, 2016 /CNW/ - (TSX: TBE) Twin Butte Energy Ltd. ("**Twin Butte**" or the "**Company**") is pleased to announce that Institutional Shareholder Services Inc. ("**ISS**") and Glass Lewis & Co. ("**Glass Lewis**"), leading independent proxy advisory firms, have recommended that shareholders of Twin Butte ("**Shareholders**") vote **FOR** the previously announced arrangement in respect of Twin Butte, the Shareholders and the debentureholders of Twin Butte ("**Debentureholders**" and together with the Shareholders, the "**Securityholders**") and involving Reignwood Resources Holding Pte. Ltd. (the "**Purchaser**") and Reignwood Resources Trading UK Limited (the "**Arrangement**"). Both ISS and Glass Lewis are widely recognized as leading independent proxy voting and corporate governance advisory firms, whose analyses and recommendations are relied upon by many major institutional investment firms, mutual funds and fiduciaries throughout North America.

In recommending its clients vote in favour of the Arrangement, ISS stated: "...the transaction may offer shareholders an opportunity to realize their investment in the company with no further downside risk in light of the company's deteriorating financial position".

Reasons For and Anticipated Benefits of the Arrangement

In reaching its determination, approval and recommendation in respect of the Arrangement, the board of directors of Twin Butte (the "**Twin Butte Board**") considered many factors, including the terms and conditions of completion the Arrangement, the recommendation of the special committee of the Twin Butte Board, various strategic factors and potential advantages and disadvantages of the Arrangement and the elements of the arrangement agreement that provide protection to Securityholders. Without limiting the generality of the foregoing, the benefits, risks and other factors considered by the Twin Butte Board included the following:

- the significant liquidity and capital constraints faced by Twin Butte due to its outstanding indebtedness and limited operating cash flow as a result of depressed commodity prices; specifically, Twin Butte was required to repay its non-revolving credit facility (the "**Non-Revolving Facility**") in a short time frame which could not be covered by cash flow or property dispositions (which would further erode the Company's borrowing base). Furthermore, due to lack of available funds to pursue additional drilling operations, Twin Butte would not be able to exploit the significant portfolio of opportunities available on its land base and as a result, it will be difficult for Twin Butte to maintain current production and consequently, its current cash flow from operations;
- given current market conditions and Twin Butte's debt position, it is difficult for Twin Butte to raise funds or secure sources of financing on terms that would be acceptable, or at all, and, as a result, the Twin Butte Board determined that it would be difficult to continue to fund development of its oil and natural gas properties;
- the consideration to be paid to Shareholders and Debentureholders will be comprised entirely of cash, thereby providing Shareholders and Debentureholders with immediate liquidity and certainty of value;
- the Non-Revolving Facility was not repaid on its maturity on June 23, 2016 and while the lenders thereunder have agreed to forbear from exercising their rights and remedies arising from this event of default under the Twin Butte's credit agreement until August 15, 2016 (subject to adjustment in certain circumstances), there is no guarantee that such forbearance will continue if the Arrangement is not completed;
- while the deferred interest that was payable on the Debentures on June 30, 2016 is not permitted to be paid in accordance with the debenture indenture governing the Debentures as a result of Twin Butte failing to repay all outstanding indebtedness under the Non-Revolving Facility which matured on June 23, 2016, if the Arrangement is completed and the Debentures are acquired pursuant thereto, Debentureholders will receive all outstanding accrued and unpaid interest up to but excluding the effective date of the Arrangement, including the unpaid deferred debenture interest;
- completion of the Arrangement would provide a greater probability that the lenders and the Company's vendors would be repaid in a timely fashion;
- reduces the potential that Twin Butte may be subject to additional revisions to its borrowing base facilities as a result of further deteriorating commodity prices;
- the potential that in the absence of the Arrangement, the lenders may demand repayment of the amounts owing under Twin Butte's credit agreement; and
- Peters & Co. Limited provided a fairness opinion which provided that, as of the date of such opinion, and subject to the scope of review, assumptions, limitations and qualifications set forth in its opinion the consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

Board Recommends Securityholders Vote in Favour of the Arrangement

After an extensive review of the Company's strategic and financial options, the board of directors of Twin Butte has unanimously: (i) determined that the Arrangement is in the best interests of Twin Butte and the Securityholders; (ii) resolved to recommend that Securityholders vote in favour of the Arrangement; and (iii) determined that the consideration to be received by Securityholders pursuant to the Arrangement is fair to the Securityholders.

The board of directors of Twin Butte UNANIMOUSLY recommends that the Securityholders vote "FOR" the Arrangement.

Securityholder Approval is Important - Vote Today

The Arrangement provides certainty of value and near-term liquidity to Securityholders in a challenging commodity price environment. If the Securityholders do not approve the Arrangement, the Purchaser (and the Company) has the right to terminate the arrangement agreement which would trigger an event of default under the Company's credit facilities. Such an event of default under the credit facilities would allow the bank syndicate to accelerate the repayment of the Company's outstanding bank debt. In such event, the lenders likely course of action would be to enforce their security by appointing a receiver to liquidate the Company's assets and manage the Company's affairs, which could result in the Securityholders (including Debentureholders) receiving no consideration for their securities. Securityholders may vote by following the instructions found on their form of proxy or voting instruction form.

How to Vote

Registered Shareholders may vote by:

- **Proxy** returned using any of the following methods

Internet - www.investorvote.com

Telephone - 1-866-732-VOTE (8683) (toll free within North America)
1-312-588-4290 (outside North America)

Mail - Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, Canada M5J 2Y1, Attention: Proxy Department

- **Attending** the Meeting in person

Non-Registered Shareholders

Shareholders who hold Shares through a bank or other intermediary will have different voting instructions. These non-registered shareholders should carefully follow the voting instructions form provided to them and return it accordingly.

Operations Update

Q2 2016 volumes are estimated to be approximately 12,700 boe/d as compared to Q1 volumes of 13,944 boe/d. Due to lower natural gas prices, the Company

has had over 5 mmcf/d of gas shut in over various stages in the second quarter. Due to low oil prices in the first half of 2016 and restricted liquidity, no new wells were drilled and brought on stream in the first 6 months of the year as the Company minimized capital expenditures to focus on field maintenance and operating cost reduction projects. Current production based on field estimates is approximately 11,500 boe/d, with liquids volumes performing slightly ahead of forecast.

About Twin Butte

Twin Butte Energy Ltd. is a value oriented intermediate producer with a deep, low risk, drilling inventory focused on medium and heavy oil reservoirs. The common shares of Twin Butte are listed on the TSX under the symbol "TBE" and the debentures are listed on the TSX under the symbol "TBE.DB".

Reader Advisory

Forward-Looking Statements

Certain information set forth in this press release, including information and statements which may contain words such as "could", "plans", "should", "anticipates", "expects", "believes", "will" and similar expressions and statements relating to matters that are not historical facts, contain forward-looking statements, including but not limited to statements regarding: the Arrangement; the expected benefits of the Arrangement and the reasons for the Arrangement; and the potential consequences for Securityholders if the Arrangement is not completed (including any action by the lenders under the Company's credit facilities). By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Twin Butte's control. Completion of the Arrangement is subject to a number of conditions which are typical for transactions of this nature. Failure to satisfy any of these conditions, the emergence of a superior proposal or the failure to obtain approval of the Securityholders may result in the termination of the arrangement agreement. The foregoing list is not exhaustive. Additional information on these and other risks that could affect completion of the Arrangement will be set forth in the information circular, which will be available on SEDAR at www.sedar.com. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The actual results, performance or achievement of Twin Butte could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Twin Butte will derive therefrom. Twin Butte disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Boe means barrel of oil equivalent on the basis of 6 mcf of natural gas to 1 bbl of oil. Boe's may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl 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, given that 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: 1, using a conversion on a 6: 1 basis may be misleading as an indication of value.

SOURCE Twin Butte Energy Ltd.

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For further information: For information on voting instructions please contact: Laurel Hill Advisory Group, North American Toll-Free Number: 1-877-452-7184, Collect Calls Outside North America: 416-304-0211, Email: assistance@laurelhill.com; For further information about Twin Butte, please contact: Twin Butte Energy Ltd., Rob Wollmann, President and Chief Executive Officer; R. Alan Steele, Vice President Finance, Chief Financial Officer and Corporate Secretary, Tel: (403) 215-2045, Website: www.twinbutteenergy.com

CO: Twin Butte Energy Ltd.

CNW 16:15e 27-JUL-16