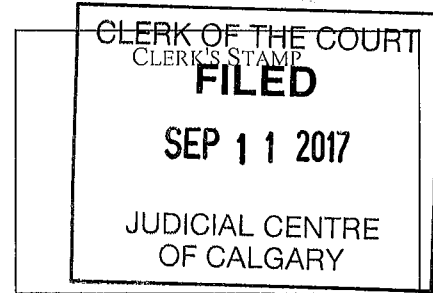


FORM 27  
[RULES 6.3 AND 10.52(1)]



COURT FILE NUMBER 1601-11552  
COURT COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
APPLICANT NATIONAL BANK OF CANADA, IN ITS  
CAPACITY AS ADMINISTRATIVE AGENT  
UNDER THAT CERTAIN AMENDED AND  
RESTATED CREDIT AGREEMENT DATED  
JANUARY 15, 2016, AS AMENDED  
RESPONDENT TWIN BUTTE ENERGY LTD.  
DOCUMENT APPLICATION  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT  
BENNETT JONES LLP  
Barristers and Solicitors  
4500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4K7  
Attention: Chris Simard / Alexis Teasdale  
Tel No.: 403-298-4485 / 3067  
Fax No.: 403-265-7219  
Client File No.: 76739-1

**NOTICE TO RESPONDENT**

This application is made against you. You are a respondent.  
You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: September 20, 2017  
Time: 10:00 a.m.  
Where: Calgary Courts Centre, 601 – 5<sup>th</sup> Street SW, Calgary, Alberta  
Before Whom: The Honourable Mr. Justice K. D. Yamauchi  
in Commercial Chambers

Go to the end of this document to see what else you can do and when you must do it.

All capitalized terms used but not defined in this Application shall bear their meanings as defined in the Affidavit of Sandy Edmonstone, sworn September 11, 2017 (the "**Edmonstone Affidavit**").

**Remedy claimed or sought:**

1. An Order substantially in the form attached as Schedule "A" hereto:
  - (a) abridging the time for service, if necessary, and deeming service of notice of this Application to be good and sufficient;
  - (b) setting out the mechanism by which the Initial Distributions (as defined in the Tenth Report) and any subsequent distributions by the Receiver shall be made to or on behalf of the holders of the Twin Butte 6.25% Convertible Unsecured Subordinated Debentures due September 31, 2018 (the "**Debentures**" and the "**Debenture Holders**"), including but not limited to:
    - (i) directing the Receiver to deduct from any distribution to or on behalf of the Debenture Holders any amounts outstanding to Bennett Jones LLP, paying such amounts directly to Bennett Jones LLP and paying the balance to Computershare Trust Company of Canada Ltd., the Trustee with respect to the Debentures (the "**Trustee**");
    - (ii) directing the Trustee to deduct its costs (as approved by the Receiver) and then distributing the balance to the Canadian Depository for Securities Ltd., the sole registered holder of the Debentures ("**CDS**");
    - (iii) directing CDS to deduct its costs (as approved by the Receiver) and then distributing the balance to CDS participants, being those investment dealers, banks, trust companies and other parties who administer accounts for and on behalf of the Debenture Holders (the "**CDS Participants**");
    - (iv) directing the CDS participants, with respect to the *Ad Hoc* Beneficial Holders (being those Debenture Holders listed in Confidential Exhibit "1" to the Edmonstone Affidavit, to deduct and pay to Macquarie Capital

Markets Canada Ltd. ("**Macquarie**") the fees owed to Macquarie, and paying Macquarie's fees directly to Macquarie; and

- (v) directing the CDS participants, with respect to Debenture Holders who are not *Ad Hoc* Beneficial Holders (the "*Non-Ad Hoc* Beneficial Holders") to distribute their *pro rata* shares of such distribution, without any deduction.
  - (c) sealing on the Court file Confidential Exhibit "1" to the Edmonstone Affidavit, being a list of the *Ad Hoc* Beneficial Holders (the "**Confidential Material**").
2. Such further and other relief as this Honourable Court deems appropriate.

**Grounds for making this application:**

- 3. The *Ad Hoc* Committee of Debenture Holders is comprised of an independent group of Canadian private investors, fund managers and investment advisors who organized to successfully oppose Twin Butte's proposed Reignwood Transaction in July and August 2016, or seek other alternatives that would offer fair consideration to Debenture Holders.
- 4. The *Ad Hoc* Committee engaged Macquarie as its financial advisor, and Bennett Jones LLP as its legal advisor, to assist it in carrying out this work.
- 5. On April 27, 2017, Madam Justice Horner of this Honourable Court granted a Funding Order, directing that the professional fees incurred by the *Ad Hoc* Committee to their legal counsel Bennett Jones LLP, including fees incurred prior to the granting of the Funding Order, were payable first from any distribution or distributions by the Receiver to or on behalf of the Debenture Holders, to be borne *pro rata* by all Debenture Holders (the "**Funding Order**").
- 6. The fees of Macquarie incurred by the *Ad Hoc* Committee are to be borne *pro rata* only by the members of the *Ad Hoc* Committee and not all Debenture Holders. The fees owed to Macquarie by the *Ad Hoc* Committee are determined by a calculation pursuant to the formula set out as Schedule "A" to the Order being sought.

7. The Order sought in this Application details the mechanics required to implement the Funding Order and thereby allow payment of the Debenture Holders, Bennett Jones LLP and Macquarie, as well as the payment of any fees owed to the Trustee and CDS. The fees incurred by the *Ad Hoc* Committee to Bennett Jones LLP to and including August 31, 2017 total \$424,146.15.
8. The Confidential Material contains the names of the *Ad Hoc* Beneficial Holders, including their holdings of the Debentures. Publication or dissemination of that Confidential Material could result in harm to the private personal and commercial interests of those Debenture Holders. Sealing the Confidential Material on the Court file is appropriate in the circumstances and is the least restrictive and least prejudicial alternative to prevent the dissemination of the information therein.
9. Such further and other grounds as counsel may advise and this Honourable Court may deem just.

**Material or evidence to be relied on:**

10. The Affidavit of Sandy Edmonstone, sworn September 11, 2017, filed.
11. The Affidavit of Donna Kathler, sworn September 11, 2017, filed.
12. The Funding Order dated April 27, 2017.
13. Such further and other material or evidence as counsel may advise and this Honourable Court may permit.

**Applicable rules:**

14. Part 6 of the Alberta *Rules of Court*.

**Applicable Acts and regulations:**

15. The *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and the regulations thereto as amended.
16. The *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended.

**Any irregularity complained of or objection relied on:**

17. Not applicable.

**How the application is proposed to be heard or considered:**

18. In person, with the Applicants and any interested parties present before the Honourable Mr. Justice K. D. Yamauchi in Commercial List Chambers.

**WARNING**

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

**SCHEDULE "A"**

CLERK'S STAMP

COURT FILE NUMBER

1601-11552

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

**NATIONAL BANK OF CANADA, IN ITS  
CAPACITY AS ADMINISTRATIVE AGENT  
UNDER THAT CERTAIN AMENDED AND  
RESTATED CREDIT AGREEMENT DATED  
JANUARY 15, 2016, AS AMENDED**

**TWIN BUTTE ENERGY LTD.**

DOCUMENT

**ORDER (Distributions to Debenture Holders)**

ADDRESS FOR SERVICE AND  
CONTACT INFORMATION OF  
PARTY FILING THIS  
DOCUMENT

**BENNETT JONES LLP**

Barristers and Solicitors  
4500, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Alexis Teasdale

Tel No.: 403-298-4485 / -3067

Fax No.: 403-265-7219

Client File No.: 76739-1

**DATE ON WHICH ORDER WAS PRONOUNCED:** September 20, 2017

**LOCATION WHERE ORDER WAS PRONOUNCED:** Calgary, Alberta

**NAME OF JUSTICE WHO MADE THIS ORDER:** The Honourable Mr. Justice K. D. Yamauchi

UPON the application of FTI Consulting Canada Inc., in its capacity as the Receiver (the "**Receiver**") of Twin Butte Energy Ltd. ("**Twin Butte**"); AND UPON having read the Tenth Report of the Receiver (the "**Tenth Report**"); AND UPON having read the September 11, 2017 Affidavit of Sandy Edmonstone (the "**Edmonstone Affidavit**") and the September 11, 2017 Affidavit of Donna Kathler; AND UPON hearing from counsel for the Receiver, counsel for the

*Ad Hoc* Committee (as defined in the Funding Order granted by the Honourable Madam Justice K.M. Horner on April 27, 2017), and counsel for other interested parties;

**IT IS HEREBY ORDERED AND DECLARED THAT:**

**SERVICE**

1. Service of notice of this application and supporting materials is hereby declared to be good and sufficient, and no other person is required to have been served with notice of this application, and time for service of this application is abridged to that actually given.

**DISTRIBUTIONS TO DEBENTURE HOLDERS**

2. All distributions, including any interim or partial distributions, to or on behalf of holders of the Twin Butte 6.25% Convertible Unsecured Subordinated Debentures due December 31, 2018 (the "**Debentures**" and the "**Debenture Holders**") pursuant to the Convertible Debenture Indenture between Twin Butte Energy Ltd and Valiant Trust Company dated December 13, 2013 (the "**Indenture**") shall be made in the following manner:

- (a) the Receiver shall:
  - (i) deduct from any distribution to or on behalf of the Debenture Holders (a "**Receiver Distribution**") any fees and disbursements of Bennett Jones LLP to which Bennett Jones LLP is entitled pursuant to the April 27, 2017 Funding Order that have not yet been paid by the Receiver ("**Outstanding BJ Fees**");
  - (ii) pay the Outstanding BJ Fees to Bennett Jones LLP; and
  - (iii) pay the amount of the Receiver Distribution, less the amount of the Outstanding BJ Fees (a "**Net Receiver Distribution**"), to Computershare Trust Company of Canada Ltd. (the "**Debenture Trustee**"), for and on behalf of the Debenture Holders;

- (b) the Debenture Trustee shall:



- (i) deduct from a Net Receiver Distribution all compensation, costs, charges or expenses to which the Debenture Trustee is entitled pursuant to Article 8.6 of the Indenture but that are unpaid (the “**Trustee Costs**”, as approved by the Receiver); and
  - (ii) pay the amount of the Net Receiver Distribution, less the amount of the Trustee Costs (a “**Net Trustee Distribution**”) to the Canadian Depository for Securities Ltd., the sole registered holder of the Debentures (“**CDS**”);
- (c) CDS shall:
- (i) deduct from the Net Trustee Distribution all compensation, costs, charges or expenses to which CDS is entitled with respect to the performance of CDS’s services in connection with the Net Trustee Distribution (the “**CDS Costs**”, as approved by the Receiver); and
  - (ii) pay the amount of the Net Trustee Distribution, less the amount of the CDS Costs (a “**Net CDS Distribution**”) to the investment dealers, banks, trust companies and other CDS participants (collectively, the “**CDS Participants**”) who administer accounts for and on behalf of the beneficial holders of the Debentures;
- (d) subject to paragraph 2(e) of this Order, the CDS Participants shall:
- (i) with respect to CDS Participants who administer accounts on behalf of the beneficial holders of the Debentures who are members of, or are represented by members of, the *Ad Hoc* Committee (being those beneficial holders who are listed in Confidential Exhibit “1” to the Edmonstone Affidavit (hereinafter the “**Ad Hoc Beneficial Holders**”), the CDS Participants shall:
    - (A) pay to each *Ad Hoc* Beneficial Holder his or her *pro rata* share of the Net CDS Distribution, less the CDS Participant Costs (a “**Net CDS Participant Distribution**”) corresponding to his or her proportionate beneficial holdings Debentures (an “**Ad Hoc CDS Net**”

**Distribution**”), less that *Ad Hoc* Beneficial Holder’s proportionate share of the fees owed to Macquarie Capital Markets Canada Ltd. (“**Macquarie**”), calculated in the manner set out in Schedule “A” to this Order (the “**Macquarie Fee**”); and

- (B) pay to Macquarie the Macquarie Fee; and
- (e) notwithstanding paragraph 2(d) of this Order, CDS Participants may make alternative arrangements with their *Ad Hoc* Beneficial Holders, as long as they pay the Macquarie Fee to Macquarie and pay amounts to their *Ad Hoc* Beneficial Holders no smaller than their respective Net CDS Participant Distribution, as soon as reasonably practicable after receipt of a Net CDS Distribution; and
- (f) with respect to CDS Participants who administer accounts on behalf of the beneficial holders of the Debentures who are not *Ad Hoc* Beneficial Holders (the “**Non-Ad Hoc Beneficial Holders**”), the CDS Participants shall pay each *Non-Ad Hoc* Beneficial Holder his or her *pro rata* share of a Net CDS Participant Distribution, with no further deduction.

### MISCELLANEOUS

- 3. This Order need only be served on those parties in attendance at the hearing of this application, and this Order may be served by regular mail, facsimile, or as an attachment to an email transmission. The Receiver shall post this Order on the website it is maintaining with respect to these proceedings.
- 4. Any interested party may apply to the Court, on reasonable notice to all other interested parties, for advice and directions respecting the implementation of this Order.

### SEALING OF CONFIDENTIAL EVIDENCE

- 5. Confidential Exhibit “1” to the Edmonstone Affidavit (the “**Confidential Material**”) shall be sealed on the Court file, kept confidential and not form part of the public record, notwithstanding Division 4 of Part 6 of the *Alberta Rules of Court*.

6. The Clerk of the Court shall file the Confidential Material in a sealed envelope attached to a notice that sets out the style of cause of these proceedings and states that:

THIS ENVELOPE CONTAINS CONFIDENTIAL MATERIALS FILED IN COURT FILE 1601-11552. THE CONFIDENTIAL MATERIALS ARE SEALED PURSUANT TO THE SEALING ORDER ISSUED BY THE HONOURABLE MR. JUSTICE K.D. YAMAUCHI ON SEPTEMBER 18, 2017.

7. Leave is hereby granted to any person or party affected by this Order to apply to this Honourable Court for a further order modifying or varying the terms of paragraphs 5 or 6 of this Order, with such application to be brought on no less than seven days' notice to the Receiver and the *Ad Hoc* Committee pursuant to the *Alberta Rules of Court*.

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J.C.Q.B.A.

**SCHEDULE "A"**

**CALCULATION OF FEES OWED TO MACQUARIE**  
**BY *AD HOC* COMMITTEE MEMBERS**

((Debenture Recovery \* (Debentures Outstanding, Principal / Debentures Outstanding, Total) -  
 (Reignwood Offer Excluding Interest - Prior Distributions <= Reignwood Offer)) \* Macquarie Fee  
 Percentage + Applicable Tax)

**Where:**

Debenture Recovery	(\$/debenture)	[•]
Debentures Outstanding, Principal	(\$mm)	85.0
Debentures Outstanding, Total	(\$mm)	88.6
Reignwood Offer, Excluding Interest	(\$/debenture)	140.00
Prior Distributions <= Reignwood Offer	(\$/debenture)	[•]
Macquarie Fee Percentage	(%)	20%
Applicable Tax <sup>(1)</sup>	(\$)	[•]

(1) Applicable tax rate for each debentureholder is the rate for the province in which the debentureholder resides. In provinces with GST and PST, only the GST rate is applicable. In provinces with HST, the full HST rate is applicable.