

COURT FILE NUMBER 1601-11552

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT FTI CONSULTING LTD. in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of TWIN BUTTE ENERGY LTD.

RESPONDENT TWIN BUTTE ENERGY LTD.

DOCUMENT **APPLICATION (Approval of SISP and Restricted Court Access Order)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Norton Rose Fulbright Canada LLP
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Attention: Howard A. Gorman, Q.C. / Aditya M. Badami
 File No.: 01020497-0005

CLERK OF THE COURT
 Clerk's Office
FILED
SEP 14 2016
 JUDICIAL CENTRE
 OF CALGARY

NOTICE TO THE RESPONDENT

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the Justice.

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

Date: September 21, 2016

Time: 2:00 P.M.

Where: Calgary Courts Centre

Before Whom: The Honourable Madam Justice Eidsvik

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

Remedy claimed or sought:

1. FTI Consulting Canada Inc. in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Twin Butte Energy Inc. (**Twin Butte**) seeks the following relief:

- a. Abridging, if necessary, the time for service of this Application and supporting materials, and declaring service of same to be good and sufficient;
- b. A Restricted Court Access Order, substantially in the form attached hereto as **Schedule "A"**, in respect of the Confidential Appendix "B" to the First Report of the Receiver to be filed in support of this Application;
- c. An Order, substantially in the form attached hereto as **Schedule "B"**, approving the engagement of the Selling Agents on the terms of the Engagement Letter (as those terms are defined below), and the proposed Sale and Investment Solicitation Process, a copy of which is attached as Appendix "A" to the First Report of the Receiver, and declaring that:
 - i. the fees and expenses payable to the Selling Agents (as hereinafter defined) as contained in the Engagement Letter (not including indemnity obligations) are approved;
 - ii. the Selling Agents shall incur no liability or obligation as a result of their engagement or the carrying out of their mandate under the Engagement Letter, save and except for gross negligence or willful misconduct on its part; and
- d. Such further and other relief as counsel may advise and as this Honourable Court may permit.

Grounds for making this application:

2. On September 1, 2016, FTI Consulting Canada Inc. was appointed as Receiver over the current and future assets, undertakings and properties of Twin Butte pursuant to a Receivership Order granted by the Honourable Madam Justice B.E.C. Romaine (the **Receivership Order**).
3. On September 12, 2016, the Receiver entered into separate Engagement Letters (together, the **Engagement Letter**) with Peters & Co. and CIBC World Markets, to act as the exclusive selling agents (the **Selling Agents**) in a proposed Sale and Investment Solicitation Process (the **SISP**).
4. It is a term of the Engagement Letter that the Selling Agents are to incur no liability or obligation as a result of their engagement or the carrying out of their mandate, save and except for gross negligence or willful misconduct on their part.
5. Certain terms of the Engagement Letter contain confidential and commercially sensitive information, which if made publicly available could be detrimental to the Selling Agents and could be used to the detriment of Twin Butte and Twin Butte's stakeholders.
6. The Receiver and the Selling Agents, in consultation with Twin Butte's stakeholders, have developed the SISP to allow for the implementation of an open, fair, and efficient process to solicit the sale of or restructuring proposal for Twin Butte's business, assets, and properties and to obtain the best offer or proposal in the circumstances.
7. The Receiver is of the view that the SISP is the most commercially reasonable manner in which to maximize the value to all of Twin Butte's stakeholders.
8. The Receiver is of the view that it is in the best interests of Twin Butte and its stakeholders that the Selling Agents assist in the marketing of Twin Butte's assets and properties.
9. Such further and other grounds as counsel may advise and this Honourable Court may permit.

Material or Evidence to be relied on:

10. The Receivership Order;
11. The First Report of the Receiver;
12. Such further and other materials as counsel may advise and this Honourable Court may permit.

Applicable Rules:

13. Rules 6.3(1), 6.9(1), and 6.28 - 6.36 of the *Alberta Rules of Court*.
14. Such further and other Rules as counsel may advise and this Honourable Court may permit.

Applicable Acts and regulations:

15. The *Alberta Rules of Court*.
16. Such further and other Acts and regulations as counsel may advise and this Honourable may permit.

Any irregularity complained of or objection relied on:

17. There are no irregularities complained of or objections relied on.

How the application is proposed to be heard or considered:

18. Oral submissions by counsel at an Application in Justice Chambers as agreed and scheduled by counsel, before the Honourable Madam Justice K.M. Eidsvik at the Calgary Courts Centre, 601 – 5th Street S.W., at Calgary, Alberta, on Friday, September 21, 2016, at 2:00 p.m. or as soon thereafter as counsel may be heard.

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 give evidence in response to the application, you must reply by filing an affidavit or other evidence with the Court and serving a copy of that affidavit or other evidence on the applicant(s) a reasonable time before the application is heard or considered.

Schedule "A"

COURT FILE NUMBER 1601-11552 Clerk's Stamp

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT FTI CONSULTING CANADA INC. in its capacity as Court-appointed Receiver of the current and future assets, undertakings and properties of TWIN BUTTE ENERGY LTD.

RESPONDENT TWIN BUTTE ENERGY LTD.

IN THE MATTER OF THE RECEIVERSHIP OF TWIN BUTTE ENERGY LTD.

DOCUMENT RESTRICTED COURT ACCESS ORDER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Norton Rose Fulbright Canada LLP 400 3rd Avenue SW, Suite 3700 Calgary, Alberta T2P 4H2

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Attention: Howard A. Gorman, Q.C. / Aditya M. Badami File No.: 01020497-0005

DATE ON WHICH ORDER WAS PRONOUNCED: September 21, 2016 NAME OF MASTER WHO MADE THIS ORDER: Madam Justice K.M. Eidsvik LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver (the Receiver) of the current and future assets, undertakings and properties of Twin Butte Energy Inc. (Twin Butte); AND UPON having read the Receivership Order granted by the Honourable Justice B.E.C. Romaine dated September 1, 2016, filed; AND UPON having read the First Report of the Receiver dated September 15, 2016, filed (the First Report); AND UPON hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED AND DECLARED THAT:

- 1. Service of the Application filed on September [15], 2016 is hereby validated and deemed good and sufficient and this Application is properly returnable today.
2. The Confidential Appendix "B" to the First Report of the Receiver (Confidential Appendix "B"), dated September [15], 2016, shall be treated as confidential, sealed, and not form part of the public record, and shall be inserted in a sealed envelope which shall be clearly marked "SEALED PURSUANT TO COURT ORDER - NOT TO BE OPENED WITHOUT PRIOR AUTHORITY"

FROM THE HONOURABLE MADAM JUSTICE K. EIDSVIK OR ANY OTHER JUSTICE OF THE COURT OF QUEEN'S BENCH OF ALBERTA".

3. Every person on whom the Confidential Appendix "B" is served shall keep the information contained therein confidential and such information:
 - a. Shall be used only for the purposes of this proceeding and not for any business or other purpose whatsoever;
 - b. Shall not be given, shown, made available, or communicated in any way to anyone other than for the purpose of retaining and instructing counsel with respect to these proceedings only, who shall be bound by the terms of this Order; and
 - c. Shall not be copied or reproduced, except by counsel for the purpose of responding to the Receiver's application or preparing materials for use in these proceedings.
4. The Receiver is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.
5. Service of this Order by e-mail, facsimile, courier, regular mail or personal delivery shall constitute good and sufficient service of this Order.

J.C.Q.B.A.

Schedule "B"

COURT FILE NUMBER 1601-11552 Clerk's Stamp

COURT COURT OF QUEEN'S BENCH OF ALBERTA

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RESPONDENT TWIN BUTTE ENERGY LTD.

IN THE MATTER OF THE RECEIVERSHIP OF TWIN BUTTE ENERGY LTD.

DOCUMENT **ORDER (Approval of SISP)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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DATE ON WHICH ORDER WAS PRONOUNCED: September 21, 2016

NAME OF MASTER WHO MADE THIS ORDER: Madam Justice K.M. Eidsvik

LOCATION OF HEARING: Calgary, Alberta

UPON THE APPLICATION of FTI Consulting Canada Inc., in its capacity as Court-appointed Receiver (the **Receiver**) of the current and future assets, undertakings and properties of Twin Butte Energy Inc. (**Twin Butte**); **AND UPON** having read the Receivership Order granted by the Honourable Justice B.E.C. Romaine dated September 1, 2016, filed; **AND UPON** having read the First Report of the Receiver dated September 15, 2016, filed (the **First Report**); **AND UPON** hearing from counsel for the Receiver and any other parties present:

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Application filed on September 15, 2016 is hereby validated and deemed good and sufficient and this Application is properly returnable today.
2. The appointment of CIBC World Markets and Peters & Co. Limited as the exclusive selling agents (the **Selling Agents**) is hereby approved and the Selling Agents are authorized to act and to *market all the assets and properties* of Twin Butte on behalf of the Receiver in accordance with the terms of the Sales and Investment Solicitation Process (the **SISP**) which is attached as Appendix "A" to the First Report of the Receiver.

3. The fees and expenses payable to the Selling Agents under the engagement letter entered into September 12, 2016 (**Engagement Letter**) are hereby approved.
4. The Selling Agents shall incur no liability or obligation as a result of their engagement or the carrying out of their mandate under the Engagement Letter, save and except for gross negligence or willful misconduct on its part.
5. The SISP is hereby approved and the Receiver and the Selling Agents are authorized and directed to implement the SISP and to perform all steps and actions required of it pursuant to the SISP.
6. Any creditor of Twin Butte shall be entitled to make a Credit Bid under the SISP ("Credit Bid" being a bid on behalf of a creditor of Twin Butte under which all or a portion of the consideration being offered under the bid includes the compromise of all or a portion of indebtedness owing from Twin Butte to the creditor) and such Credit Bid shall be:
 - a. a Qualified Phase I Bid or Restructuring Proposal as that term is defined in the SISP provided it complies with the requirements of the SISP; and
 - b. a Qualified Phase II Bid or Restructuring Proposal as that term is defined in SISP provided:
 - i. it is accompanied by a deposit in the form of a wire transfer to a bank account specified by the Receiver, or such other form acceptable to the Receiver, payable to the order of the Receiver, in trust, in an amount equal to ten percent (10%) of that total consideration set out in its Phase II Bid or Restructuring Proposal, less the value of the consideration allocated to the credit portion of the Credit Bid; and
 - ii. it complies with the other requirements under the SISP.
7. The Receiver is at liberty to reapply for further advice and direction as may be necessary to give full force and effect to the terms of this Order.
8. Service of this Order by e-mail, facsimile, courier, regular mail or personal delivery shall constitute good and sufficient service of this Order.

J.C.Q.B.A.