



COURT FILE NUMBER

1601-11552

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

I hereby certify this to be a true copy of
the original Order
Dated this 20 day of Sept, 2017
A. Gauthier
for Clerk of the Court

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 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: Chris Simard / Alexis Teasdale
Tel No.: 403-298-4485 / -3067
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Client File No.: 76739-1

DATE ON WHICH ORDER WAS September 20, 2017

PRONOUNCED:

LOCATION WHERE ORDER WAS Calgary, Alberta

PRONOUNCED:

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

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 20, 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*.

A handwritten signature in black ink, appearing to be 'J.C.Q.B.A.', written over a horizontal line.

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 ⁽¹⁾	(\$)	[•]

(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.