

COURT FILE NUMBER 1601-11552

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

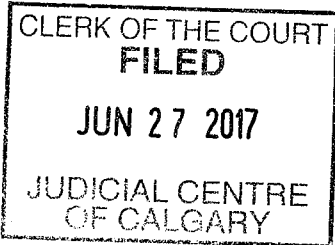
APPLICANT NATIONAL BANK OF CANADA IN ITS CAPACITY AS ADMINISTRATIVE AGENT UNDER THAT CERTAIN AMENDED AND RESTATED CREDIT AGREEMENT DATED JANUARY 15, 2016, AS AMENDED

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

PARTY FILING THIS DOCUMENT CRG FINANCIAL LLC

DOCUMENT **AFFIDAVIT**

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Counsel for CRG Financial LLC

AFFIDAVIT OF JOSEPH BROSNAN
 (Sworn June 26, 2017)

I, JOSEPH BROSNAN, of the city of Cresskill in the state of NEW JERSEY, SWEAR AND SAY THAT:

1. I am an Analyst at CRG Financial, LLC (“**CRG Financial**”). I have been directly involved with the Twin Butte Energy Ltd. (“**Twin Butte**”) file at CRG Financial since approximately April, 2017. I have personal knowledge of the matters deposed to in this Affidavit, except where state to be based upon information, in which case I believe the same to be true.
2. I am authorized to make this Affidavit on behalf of CRG Financial, as a holder of approximately \$1,000,000 in trade claims against Twin Butte (the “**CRG Trade Claims**”).
3. CRG Financial is a firm that specializes in giving creditors holding claims against insolvent entities an opportunity to receive cash for their claims without the time and expense associated with a lengthy insolvency proceeding.
4. CRG Financial acquired trade claims from various trade creditors in the approximate amount of \$1,000,000.
5. Prior to purchasing the CRG Trade Claims, I conducted due diligence as to the validity and the priority of the trade claims *vis-a-vis* other debt of Twin Butte.
6. As part of that diligence, I read the Short Form Prospectus (the “**Prospectus**”) dated December 6, 2013 offering the sale of the Convertible Debentures (the “**Debentures**”) issued under an Indenture between Twin Butte and Valiant Trust Company dated December 13, 2013.
7. CRG Financial relied on the following subordination language in the Prospectus to conclude that the trade claims CRG Financial was purchasing would be paid in priority to the Debentures:


Rank: The Debentures will be direct, unsecured obligations of the Corporation and **will be fully subordinated to all Senior Indebtedness.** [...]

Subordination: The payment of the principal and premium, if any, of, and interest on, **the Debentures will be subordinated and postponed,** and subject in right of payment in the circumstances referred to below and more particularly as set forth in the Indenture, **to the full and final payment of all Senior Indebtedness of the Corporation.**

The Indenture will provide that **in the event of any insolvency or bankruptcy proceedings, or any receivership, [...] then holders of Senior Indebtedness will receive payment in full before the holders of Debentures will be entitled to receive any payment or distribution of any kind or character....** [Emphasis added.]

8. If through our diligence we had found that the Debentures ranked *pari passu* with the trade claims rather than subordinate, CRG Financial would either:
- (a) not have purchased the CRG Trade Claims at all; or
 - (b) would have paid far less to acquire the trade claims in order to mitigate against receiving a reduced recovery that would result from a pro-rata distribution with the Debenture holders as opposed to a recovery if the trade claims were paid in priority.
9. I swear this Affidavit in support of CRG Financial's written submissions in reply to the Motion by the Ad Hoc Committee of Debenture holders.

SWORN BEFORE ME at the City of Cresskill, in
the State of New Jersey, on June 26, 2017.



A Notary Public for taking Affidavits (or as may be)



JOSEPH BROSNAN

ALLISON R. AXENROD
NOTARY PUBLIC
STATE OF NEW JERSEY
ID # 2405665
MY COMMISSION EXPIRES MARCH 14, 2021