

**CONFIDENTIALITY AGREEMENT**

This Confidentiality Agreement (hereinafter referred to as the “**Agreement**”) is made as of the \_\_\_\_ day of \_\_\_\_\_, 2016;

**BETWEEN:**

**FTI Consulting Canada Inc.** (hereinafter referred to as “**FTI**”), in its capacity as the receiver and manager of **Twin Butte Energy Ltd.**, and not in its personal or corporate capacity (hereinafter referred to as the “**Disclosing Party**”), by its agents, **Peters & Co. Limited** (“**Peters & Co.**”) and **CIBC World Markets Inc.** (“**CIBC**”) (hereinafter collectively referred to as the “**Financial Advisors**”)

- and -

\_\_\_\_\_ (hereinafter referred to as the “**Recipient**”)

**WHEREAS** the Recipient has been advised that the Financial Advisors are acting on behalf of the Disclosing Party to explore the Recipient’s interest in completing a Transaction;

**AND WHEREAS** in connection with the evaluation of a possible Transaction, the Recipient has requested that certain Confidential Information be disclosed to it and its Representatives by or on behalf of the Disclosing Party;

**AND WHEREAS** the Disclosing Party is willing to disclose certain Confidential Information to the Recipient and its Representatives on the terms and subject to the conditions set out herein, including the condition that such information be retained in confidence by the Recipient and its Representatives and used only as provided herein;

**NOW THEREFORE** this Agreement witnesseth that in consideration of the Disclosing Party and its Representatives (including the Financial Advisors) furnishing the Recipient and its Representatives with Confidential Information, the parties hereto agree as follows.

1. In this Agreement the following words and terms shall have the indicated meanings, unless the context otherwise requires, and grammatical variations of such words and terms shall have corresponding meanings:
  - (a) “**Affiliate**” and “**Subsidiary**” have the meanings ascribed thereto, respectively, in the *Business Corporations Act* (Alberta);
  - (b) “**Confidential Information**” means any and all information that is or may in any way be related to the assets, business or affairs of Twin Butte (whether written, oral, visual, in electronic or computer readable format or in any other form) and which is furnished by the Disclosing Party or the Financial Advisors to, or otherwise obtained by, the Recipient or any of its Representatives, including but not limited to: (i) all memoranda, financial information, budgets, forecasts, engineering reports, environmental reports, evaluations, legal opinions, names of shareholders, names of joint venture partners, customer data,

trade secrets, concepts, information concerning operations, information concerning staff and management, geological information, maps, land and lease information, well data, prospect data, seismic information, and gas processing and marketing terms and arrangements; and (ii) all analyses, compilations, studies or other documents prepared by the Recipient or any of its Representatives containing or based upon, in whole or in part, information acquired by the Recipient or any of its Representatives during the course of the Review or reflecting the Recipient's review of or interest in Twin Butte or the Transaction; provided, however, that Confidential Information shall not include Non-proprietary Information.

- (c) **“Non-proprietary Information”** means information in any way related to the assets, business or affairs of Twin Butte and its Subsidiaries, that:
- (i) at the time of its disclosure is in or thereafter, prior to any default under this Agreement, enters the public domain other than as a result of any act or omission (direct or indirect) by the Recipient or any of its Representatives or anyone to whom the Recipient or any of its Representatives may provide such information (as demonstrated by documentary evidence);
  - (ii) is provided to the Recipient or its Representatives on a non-confidential basis and not in contravention of an obligation of confidence or applicable law by a source (other than the Disclosing Parties) that is entitled to disclose the information;
  - (iii) was already in the possession of the Recipient or its Representatives (as demonstrated by written records) on a non-confidential basis from a source other than the Disclosing Party prior to the date hereof, provided that such source was entitled to disclose such information and did not contravene an obligation of confidence or applicable law by disclosing such information; or
  - (iv) is identified as such by Twin Butte in writing;

provided that any combination of information which comprises part of the Confidential Information shall not be deemed to be Non-proprietary Information merely because individual parts of that information are Non-proprietary Information, unless the combination is Non-proprietary Information as described in (i), (ii), (iii) or (iv) above in its entirety. Recipient further acknowledges and agrees that for the purposes of classifying information under subparagraph 1(b)(d) above, where any of the Confidential Information includes information which indicates that title to any of Twin Butte's property is or may be susceptible to attack (often referred to as a “top lease” opportunity), then even if the various pieces of information necessary to identify the title defect (e.g., lease agreements, production histories, etc.) are available to the public, the existence of such a title defect shall not be considered to be “in the public domain” if the existence of such defect is first discovered or learned of by Recipient or its Representatives in connection with the review of the Confidential Information. Recipient agrees that it shall not and shall assure that all of its Representatives do not take advantage of or inform any other Person of the existence of any such title defect.

- (d) **“Person”** includes any individual, group, firm, partnership, limited partnership, joint venture, trust, company, corporation and unincorporated organization;

- (e) “**Representatives**”, with respect to a party hereto means the directors, officers, employees, advisors, consultants, bankers (investment and commercial), lawyers, engineers, landmen, geologists, geophysicists and accountants, of such party hereto or any Affiliate of such party hereto;
- (f) “**Review**” means the Recipient’s review of Confidential Information and Non-proprietary Information relating to Twin Butte for the purposes of considering a Transaction;
- (g) “**Transaction**” means any transaction or series of transactions involving the acquisition, restructuring or recapitalization of Twin Butte or all or a portion of its assets, or any combination of the foregoing;
- (h) “**Transferred Information**” means the personal information (namely, information about an identifiable individual other than their business title or business contact information when such information is used for the purposes of contacting an individual in that individual’s capacity as an employee or an official of an organization and for no other purpose) to be disclosed, transferred or conveyed to the Recipient or any of its Representatives by or on behalf of the Disclosing Parties as a result of or in conjunction with the transactions contemplated herein; and
- (i) “**Twin Butte**” means Twin Butte Energy Ltd.

2. In this Confidentiality Agreement:

- (a) the use of words in the singular or plural, or connoting a particular gender, including the foregoing defined terms, shall not limit the scope or exclude the application of any provision of this Agreement to any Person (or Persons) or circumstances; and
- (b) the words “includes” and “including” and similar terms of inclusion shall not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather shall mean “includes but is not limited to” and “including but not limited to”, so that references to included matters shall be regarded as illustrative without being either characterizing or exhaustive.

3. The Recipient shall:

- (a) ensure that all Confidential Information is kept in strict confidence and is not used for any purpose whatsoever other than for the purpose of conducting the Review and negotiating a possible Transaction, and that the Confidential Information shall not be used in any manner adverse or detrimental to the interests of Twin Butte or its Affiliates or Subsidiaries;
- (b) ensure that the Confidential Information is not disclosed to any Person other than to its Representatives who have a need to know the same in connection with the consideration of a possible Transaction. The Recipient agrees that it shall be responsible for any breach of this Agreement that occurs as a result of the actions or omissions of any of its Representatives or of any other Person to whom the Recipient or its Representatives have provided Confidential Information. If any Confidential Information is disclosed to any Representatives of the Recipient, the Recipient shall inform each such Representative, prior to the time of disclosure, of the confidential nature of such information and the terms of this Agreement and shall require each such Representative to agree to observe

the restrictions and conditions set out herein. The Recipient shall keep a list of all of its Representatives to whom any Confidential Information has been delivered and shall provide such list to the Disclosing Party or the Financial Advisors immediately upon request;

- (c) comply, and shall ensure that each of its Representatives complies with all applicable securities laws, including specifically the securities laws of the United States of America and Canada;
- (d) not, and shall direct its Representatives to not, without the prior written consent of the Disclosing Party, disclose to any Person other than Representatives of the Recipient who have a need to know the same in connection with the consideration of a possible Transaction and who have agreed to observe the restrictions and conditions set out herein as contemplated by subparagraph 3(b) hereof: (i) the fact that any investigations, discussions or negotiations, including the Review, are taking place concerning a possible Transaction, including the entering into of this Agreement; (ii) that the Recipient has requested or received Confidential Information or Non-proprietary Information; (iii) any opinion or comment in respect of Twin Butte or any Confidential Information or Non-proprietary Information; or (iv) any of the terms, conditions or any facts with respect to a possible Transaction, including the status thereof;
- (e) not disclose any Confidential Information to any Person other than in accordance with the terms of this Agreement, except in the event that the Recipient or its Representatives are required by law to otherwise disclose any Confidential Information. Prior to any such disclosure, however, the Recipient shall (immediately following receipt of notice that disclosure may be required) provide to the Disclosing Party written notice thereof so that the Disclosing Party may seek a protective order or other appropriate remedy or waive compliance by the Recipient with the applicable disclosure restrictions in this Agreement. In the event that, in the written opinion of legal counsel to the Recipient (a copy of which shall be provided to the Disclosing Party by the Recipient), any court or administrative body having jurisdiction over the Recipient or such Representative requires disclosure of any Confidential Information, then the Recipient and any of its Representatives required to provide such disclosure will furnish only that portion of the Confidential Information that is legally required to be furnished and, further, shall each exercise reasonable commercial efforts to obtain assurances that such Confidential Information will be accorded confidential treatment; and
- (f) keep a record of the description and location of any Confidential Information provided by any Disclosing Party, and, at the request of the Disclosing Party or the Financial Advisors, promptly return all documents and material provided hereunder, or otherwise obtained by the Recipient in relation to the Review, and all copies or other reproductions thereof, as well as all notes, notations, summaries, compilations, memoranda, reports and analyses and all other documents prepared by or in possession of the Recipient or its Representatives relating to or derived from the Confidential Information (in all cases whether printed, electronic, magnetic or otherwise), or at the direction of the Disclosing Party or the Financial Advisors destroy all such documents, materials, notes, notations, summaries, compilations, memoranda, reports and analyses and certify in writing to Twin Butte or the Financial Advisors that such destruction has been accomplished, provided that the Recipient shall have the option to destroy rather than to return any analyses, compilations, notes, notations or summaries of Confidential Information made by it or its Representatives that may contain information of a confidential nature to the Recipient,

provided the Recipient certifies such destruction to the Disclosing Party in writing by an officer of the Recipient. Notwithstanding the foregoing, it is acknowledged and agreed that the Recipient's and its Representatives' computer systems may automatically back up Confidential Information received or created and to the extent such backup procedures create copies of the Confidential Information, the Recipient and its Representatives may retain such copies in its archival or backup computer storage for the period of normally archived backup computer records provided the Confidential Information is not accessed in violation of this Agreement. The Recipient and its Representatives must destroy all Confidential Information that is retained in the Recipient's or its Representatives' computer backup system in accordance with its regular ongoing records retention program. Recipient will also be able to retain a copy of any Confidential Information in respect to a possible Transaction with the Disclosing Party for legal or corporate secretarial purposes only, as it relates to receiving internal management and/or for any board of directors recommendations or approvals. Notwithstanding the return or destruction of Confidential Information, Recipient and its Representatives will continue to be bound by your obligations of confidentiality and all other obligations hereunder.

4. The Recipient acknowledges and agrees with the Disclosing Party that:
  - (a) Confidential Information, Non-proprietary Information or otherwise, will be provided to the Recipient to acquaint it with Twin Butte and the business and operations of Twin Butte and the provision of Confidential Information by the Disclosing Party to other interested parties does not change the character of such Confidential Information, Non-proprietary Information or otherwise, or provide the Recipient or any of its Representatives any licence or right, in respect of any part of the Confidential Information;
  - (b) it will rely upon its own investigations, due diligence and analyses in evaluating a possible Transaction and in satisfying itself as to all matters addressed by the Confidential Information, the Non-proprietary Information or otherwise;
  - (c) without prejudice to the terms and conditions of any eventual agreement relating to a possible Transaction, neither the Disclosing Party nor the Financial Advisors have made or now or hereafter make any representation or warranty, expressed or implied, as to the accuracy or completeness of any information provided to the Recipient or any of the Recipient's Representatives as contemplated herein, and that the Recipient is and will be relying upon its own investigations, due diligence and analyses in evaluating and satisfying itself as to all matters addressed by the Confidential Information, the Non-proprietary Information or otherwise relating to Twin Butte, its business affairs and assets or otherwise in any way related to a possible Transaction. Only such representations or warranties that are contained in a definitive written agreement with respect to a possible Transaction, when, as and if executed and subject to such conditions or limitations or restrictions as may therein be specified, shall have any legal effect;
  - (d) without prejudice to the terms and conditions of any eventual agreement relating to a possible Transaction, neither the Disclosing Party nor the Financial Advisors shall have any liability to the Recipient or any of its Representatives resulting from any use by the Recipient or any of its Representatives of any information provided to the Recipient or any of the Recipient's Representatives as contemplated herein;

- (e) no contract or agreement relating to a possible Transaction shall be deemed to exist unless and until a definitive agreement has been executed and delivered by or on behalf of the parties hereto or their designees; and
  - (f) neither the Recipient nor any of its Representatives will contact any officer, employee, shareholder, partner, customer, consultant, supplier or service provider of Twin Butte in respect of a possible Transaction or in respect of information pertaining to the Review, without the prior consent of the Disclosing Party or the Financial Advisors.
5. During the period commencing on the date of this Agreement and terminating upon the earlier of the closing of a Transaction with the Recipient or 12 months from the date of this Agreement, the Recipient will not (and shall ensure that its Representatives do not) either directly or indirectly, through one or more intermediaries or acting jointly or in concert with any Person, unless otherwise specifically approved and consented to in writing by the Disclosing Party:
- (a) solicit, make offers of employment, employ or otherwise contract for the services of any Person who is now employed or engaged as an employee or consultant of or by Twin Butte other than such Persons to whom offers of employment, consultancy or contract have been made prior to the date of execution of this Agreement by the Recipient and other than such Persons who may respond to publicly advertised positions of employment, consultancy or contract with the Recipient; or
  - (b) in any way advise, assist or encourage any other Person in connection with any of the foregoing,

provided that the foregoing provisions of this paragraph 5 shall not be interpreted to prohibit Twin Butte and the Recipient from continuing to conduct business with the other party in the ordinary course and in a manner consistent with past practice.

6. Notwithstanding anything contained in this Agreement, the Recipient shall have the right to seek expressions of interest from third parties concerning a possible joint bid for the acquisition of Twin Butte or the assets of Twin Butte, or the restructuring or recapitalization of Twin Butte, provided that: (i) the Recipient first receives written consent from the Disclosing Party or the Financial Advisors (i.e. the Disclosing Party or the Financial Advisors must consent in writing to such communications with the third party prior to the Recipient contacting such third party); (ii) nothing herein shall permit the Recipient to disclose Confidential Information that is not permitted to be disclosed pursuant to the terms hereof; and (iii) in the event that the Recipient receives a positive response from any third party which it has contacted in accordance with this Agreement, the Recipient shall direct such third party to enter into a confidentiality agreement (substantially in the form of this Agreement) directly with the Disclosing Party or the Financial Advisors as its agent and the Recipient shall not pursue any formal discussion with such third party until it has been advised by the Disclosing Party or the Financial Advisors that such a confidentiality agreement has been executed and delivered.
7. This Agreement shall not be construed as granting to the Recipient or any of its Representatives, expressly or by implication, any license or right with respect to any information disclosed pursuant to this Agreement (other than as expressly provided hereby). It is understood and agreed by the Recipient that no failure or delay by the Disclosing Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or future exercise of any right (equitable or otherwise), power or privilege hereunder.

8. Without limitation, and in addition to any other rights the Disclosing Party may have against the Recipient arising by reason of any breach hereof, the Recipient hereby agrees to and shall:
- (a) be liable to the Disclosing Party for all claims, liabilities, damages, costs, losses and expenses whatsoever (including legal, accounting and other professional costs, expenses, fees and disbursements, with legal fees on a solicitor-client basis) which the Disclosing Party may suffer, sustain or incur; and
  - (b) indemnify and save harmless the Disclosing Party from and against any and all claims, liabilities, damages, costs, losses and expenses which it may suffer, sustain or incur;

in respect of all matters or things directly or indirectly related to any breach by the Recipient or any of its Representatives of any obligation set forth in this Agreement or resulting from the unauthorized use or disclosure of any Confidential Information by the Recipient or any of its Representatives, including damages, costs, losses and expenses that the Disclosing Party may suffer, sustain or incur as a result of any breach by the Recipient (or any of its Representatives) of the *Securities Act* (Alberta). The Recipient acknowledges and agrees that the Disclosing Party is constituted as trustee of the Recipient's covenants under this paragraph 8 for the benefit of the Representatives of Twin Butte and that the Disclosing Party shall be entitled to enforce such covenants on behalf of such Persons.

9. The Recipient is aware and acknowledges that the Confidential Information is of a non-public, confidential or proprietary nature and is sensitive to the business of Twin Butte and of importance thereto and this Agreement shall remain in force and effect for a period of 12 months from the date hereof, (other than the provisions of section 8 and 10, which shall survive the termination of this Agreement) notwithstanding that the Confidential Information and copies thereof may have been destroyed or returned prior to the expiration of such time period.
10. The Recipient agrees that the Disclosing Party will be irreparably damaged if any obligation of the Recipient hereunder is not performed by the Recipient or any of its Representatives and that monetary damages would not be sufficient to remedy the same and the Recipient further agrees that the Disclosing Party shall be entitled to equitable relief, including injunctive relief and specific performance, in the event of any breach (or threatened breach) hereof, in addition to any other remedy available at law or in equity. The Recipient further agrees to waive any requirement for the deposit of security or posting of any bond in connection with any equitable remedy.
11. If any provision of this Agreement is wholly or partially unenforceable for any reason, such unenforceability shall be deemed to not affect the enforceability of the balance of this Agreement and all provisions of this Agreement shall, if alternative interpretations are applicable, be construed so as to preserve the enforceability hereof.
12. During the term referred to in paragraph 9 above, the Recipient will not and will cause its Representatives not to, directly or indirectly, initiate or maintain contact (except for those contacts made in the ordinary course of business) with any officer, employee or agent of Twin Butte, including any customers or suppliers of Twin Butte, regarding its business, operations, prospects or finances except with the express permission of the Disclosing Party or the Financial Advisors. It is understood that the Financial Advisors will arrange for any contacts for due diligence purposes with respect to the Review and that all: (i) communications regarding a Transaction; (ii) requests for additional material; (iii) requests for facility tours or meetings with management; and (iv) discussions or questions regarding Twin Butte will be submitted or directed to the Financial Advisors.

13. The parties hereto acknowledge that they are responsible for their own compliance at all times with all applicable laws in respect of the Transferred Information. In addition to and notwithstanding its other obligations herein, the Recipient covenants and agrees to collect, use and disclose the Transferred Information of Twin Butte or its Subsidiaries solely for the purposes of determining to proceed with and carrying out and completing a possible Transaction, and to only collect, use and disclose such information to the extent necessary to meet such purposes and as authorized or permitted by law. The Disclosing Party covenants and agrees to only disclose, transfer or convey Transferred Information to the Recipient to the extent necessary to meet such purposes and as authorized or permitted by law. In addition to the Recipient's obligations herein to maintain the confidentiality of any Transferred Information provided to it or its Representatives, the Recipient shall use all reasonable efforts to protect and safeguard such information including, without limitation, to protect such information from loss or theft, or unauthorized access disclosure, copying, use, modification, disposal or destruction.
14. All notices, requests, demands, consents, waivers and other communications given hereunder shall be in writing and shall be deemed to have been duly given if delivered by hand or if the same is sent by facsimile communication or other similar form of communication to the following addresses:

(a) if to the Disclosing Party, to:

FTI Consulting Canada Inc.  
Suite 720, 440 – 2<sup>nd</sup> Avenue S.W.  
Calgary, Alberta T2P 5E9

Telephone: (403) 232-6100  
Facsimile: (403) 232-6116  
Attention: Mr. Deryck Helkaa, Senior Managing Director

with a copy to:

Peters & Co. Limited  
2300 Jamieson Place  
308 – 4<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 0H7

Telephone: (403) 261-2287  
Facsimile: (403) 261-7565  
Attention: Franklin P. Eldridge, Associate, Acquisitions & Divestitures

and

CIBC World Markets Inc.  
9<sup>th</sup> Floor, 855 – 2<sup>nd</sup> Street S.W.  
Calgary, Alberta T2P 4J7

Telephone: (403) 216-3009  
Facsimile: (403) 260-0524  
Attention: Darren Tong, Director



(b) if to the Recipient, to:

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Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Attention: \_\_\_\_\_

Any such notice, request, consent, demand waiver or other communication shall: (i) if delivered, be deemed to have been given or made at the time of delivery; and (ii) if sent by fax or other similar form of communication, be deemed to have been given or made at the time in which it was successfully transmitted as evidenced by automatic confirmation of receipt.

15. This Agreement expresses the entire agreement between the parties hereto with respect to the subject matter hereof and shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is not assignable by the Recipient without the prior written consent of the Disclosing Party.
16. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the courts of such Province shall have jurisdiction to entertain applications for injunctive relief and all other actions arising out of or in connection with this Agreement and the Recipient hereby attorns to the jurisdiction of such courts. The Recipient agrees that service of any process, summons, notice or document by personal delivery to its address set forth above shall be effective service.
17. The parties hereto shall be entitled to rely upon delivery of an executed electronic scan or facsimile copy of this Agreement and such electronic scan or facsimile copy shall be legally effective to create a valid and binding agreement among the parties hereto. This Agreement may be executed in as many counterparts as are necessary and all executed counterparts shall constitute one agreement.

IN WITNESS WHEREOF each of the parties hereto has executed this Agreement as of the date and year first above written.

**FTI CONSULTING CANADA LTD. in its capacity as the receiver and manager of Twin Butte Energy Ltd. and not in its personal capacity, or by one of its agents, Peters & Co. Limited or CIBC World Markets Inc.**

Per: \_\_\_\_\_

Per: \_\_\_\_\_

**THE RECIPIENT**

Per: \_\_\_\_\_

Per: \_\_\_\_\_